

U.S. DEPARTMENT OF THE TREASURY

Press Center

Paulson Statement on Emergency Economic Stabilization Act

10/3/2008

HP-1175

Washington- By acting this week, Congress has proven that our Nation's leaders are capable of coming together at a time of crisis, even at a critical stage of the political calendar, to do what is necessary to stabilize our financial system and protect the economic security of all Americans.

- By acting this week, Congress has proven that our Nation's leaders are capable of coming together at a time of crisis, even at a critical stage of the political calendar, to do what is necessary to stabilize our financial system and protect the economic security of all Americans.

The American people will appreciate the leadership of their elected representatives and senators who took bold action to help stem a severe credit crunch that threatens to cost many jobs and undermine access to credit for working Americans.

This bill contains a broad set of tools that can be deployed to strengthen financial institutions, large and small, that serve businesses and families. Our financial institutions are varied – from large banks headquartered in New York, to regional banks that serve multi-state areas, to community banks and credit unions that are vital to the lives of our citizens and their towns and communities. Each institution has its own unique benefits, and their collective strength makes our financial system more resilient, and more innovative. The challenges our institutions face are just as varied – from holding illiquid mortgage backed securities, to illiquid whole loans, to raising needed capital, to simply facing a crisis of confidence. This diversity of institutions and challenges requires that we deploy the tools in this rescue package, in combination with the tools the Fed, the Treasury, the FDIC and other bank regulators already have, in a variety of ways that addresses each of these needs and restores the ability of our financial system to fuel our broader economy.

There is no one-size-fits-all solution to alleviating the stress in our financial system. Each situation will be different and we must implement these new programs with a strategy that allows us to adapt to changing circumstances and conditions, and attract private capital. The broad authorities in this legislation, when combined with existing regulatory authorities and resources, gives us the ability to protect and recapitalize our financial system as we work through the stresses in our credit markets.

We will move rapidly to implement the new authorities, but we will also move methodically. In the coming days we will work with the Federal Reserve and the FDIC to develop strategies that deploy these tools in an expedited and methodical way to maximize effectiveness in strengthening the financial system, so it can continue to play its necessary and vital role supporting the U.S. economy and American jobs. Transparency throughout this process will be important, and I look forward to providing regular updates as we move ahead to implement this strategy.

