

STATEMENT FROM REP. MICHAEL N. CASTLE IN RESPONSE TO THE ECONOMIC STIMULUS PACKAGE -- October 3, 2008

Washington, D.C. -- Today, Delaware Congressman Michael N. Castle released the following statement in response to House passage of the economic stimulus package, which President Bush also recently signed into law.

"Two weeks ago the Secretary of Treasury, Henry Paulson, approached Congress with serious concern that American fiscal markets were facing an imminent crisis," Rep. Castle said. "To avoid any further transfer of fiscal uncertainty from the financial industry to the savings and assets of working Americans, the Administration requested Congressional authority to purchase up to \$700 billion in troubled assets, mostly mortgage-backed securities, from financial institutions. After hearing from economic leaders and many Delawareans, I was convinced that our nation faces a serious economic threat which we hope can be softened with temporary intervention. However, I shared the concern of the majority of Congress and the American people who felt the original proposal fell short on taxpayer protections and industry accountability.

"As a senior Member of the House Financial Services Committee, I was a part of an economic working group which developed a proposal less burdensome to American taxpayers. That alternative proposal, which creates a government insurance program, was included in the bill before the House vote on Monday. I supported the measure on Monday because of substantial restrictions made to the original Treasury plan, phase-in of purchasing authority, prohibitions to prevent taxpayer funded 'golden parachutes,' protections to ensure taxpayers are able to recoup financial expenditures, and new oversight mechanisms.

"After the House failed to pass the economic recovery package, the U.S. Senate considered a similar bill with the addition of higher FDIC insurance caps. This important inclusion, which increases coverage from \$100,000 to \$250,000, will insure against future losses and should have been in the package considered by the House on Monday.

"The Senate also combined three important bills to this package, which I support, will continue several existing tax policies for research and development and new tax credits to spur energy innovation, extend current law to prevent an increase of the alternative minimum tax for 22 million Americans, and establish parity for mental illness in health insurance coverage. Unfortunately, the Senate also included several special tax credits which should not be in this bill. The controversial extensions of tax credits which deserve more transparency, oversight and review. For this reason, I supported efforts to withdraw these provisions from the base bill. However, that amendment was not allowed to be

considered.

"While this bill is far from perfect and less than ideal, I have been dedicated to finding a workable solution to the original proposal, and I feel the economic prescriptions in this measure are far better than originally proposed by Secretary Paulson. My support for the bill is based on the belief that the economic environment and resulting challenge to American's access to loans and credit is a determinable threat to American jobs, home values, savings, pensions, pursuit of education, and homeownership.

"There is no doubt in my mind that the crisis we are intending to avert has been brought about by the overextension of both industry and individual. Therefore, to prevent similar regressions, Congress should not delay in shaping and passing legislation to immediately increase transparency, oversight, and market reform.

"There is much remaining to be done to reform credit rating agencies, improve transparency of mortgage asset values, and restrict mortgages held by Government Sponsored Enterprises. These efforts will take similar bipartisan cooperation, and I have been assured by Congressional leaders that each will be a priority for Congress very soon."

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