



The Bailout: Voices

Thoughts On The Bailout Vote

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Selected comments on today's vote against the bailout proposal and the possible impact.

Steve Forbes, chairman and editor-in-chief, *Forbes*

The panic in the market is being fed by the irresponsible behavior of Congress. If Congress had passed this bill today, no it was not a perfect piece of legislation, but we would have been able to go to the next steps-- such as shoring up the dollar, maybe looking at cutting taxes, changing the short-selling rules and things like that. But without this package there, it's near impossible to turn this thing around.

Richard X. Bove, analyst, Ladenburg Thalmann & Co.

The Congress has failed to pass the emergency legislation recommended by the president. Clearly, this will increase the level of volatility in the credit markets. However, the concentration in the banking industry continues to increase so that core banks should emerge from this situation in more dominant positions.

Alan Lancz, president of investment advisory firm Alan B. Lancz & Associates

From a markets standpoint, it's a disaster. Some are saying if this package is really needed, we'll see it in how the markets react. Maybe they'll take it more seriously now by the reaction. The longer this gets delayed, the more it protracts the slower economy. If you look at the consumer, who is such a big part of the economy, it's definitely going to hurt them and their confidence into the holiday season.

Steve Malanga, senior fellow, the Manhattan Institute

The longer the debate goes on, the greater the number of doubts arise among people. A lot of congressmen went back to their offices and found that they were inundated with calls against the bailout. ...There's a lot of sentiment against [the bill], and people feel that this is going to be a bad deal for them. ... The longer this goes on, the longer that feeling seems to intensify. People are wondering whether there really is a credit crisis. I'm guessing this is what's causing more people in Congress to vote against this than we anticipated.

Nancy Pelosi, House speaker (D-Calif.)

What happened today cannot stand. We must move forward, and I hope that the markets will take that message.

Rep. Roy Blunt (R-Mo.)

Americans are angry, and so are my colleagues. They don't want to have to vote for a bill like this. But I have concerns about what this means for the American people, what it means for our economy and what it means for people's jobs. I think that we need to renew our efforts to find a solution that Congress can support.

Rep. Tom Price, (R-Ga.)

At the beginning of this 10-11 days ago, I stated that we need to make sure that we adhered to at least three fundamentals. One is that taxpayers were protected. Two is that private equity, that the private marketplace had an opportunity to get into and assist in fixing this. And three, so that we didn't end up at the end of the day with a large bureaucracy that was continuing forever and ever. None of those principles were met in the bill that came to the floor today.

Carl Icahn, from his blog, www.icahnreport.com

Democrats and Republicans alike were right to challenge Treasury Secretary Hank Paulson's sweeping \$700 billion plan to buy the toxic debt of financial institutions--mainly because it contained no provisions to make managements accountable for their mistakes. If private equity money were allowed to invest more heavily in financial institutions and manage them, they would be better able to value the illiquid assets that got them in trouble to begin with.

John Catsimatidis, billionaire, New York businessman and mayoral hopeful

The professional politicians in Washington are worried about one thing ... getting reelected. They need to stop the partisan bickering and start working to reach a compromise.

Bruce Josten, lobbyist for U.S. Chamber of Commerce

Make no mistake: When the aftermath of Congressional inaction becomes clear, Americans will not tolerate those who stood by and let the calamity happen. If, on the other hand, Congress supports a plan to successfully restore the financial system and preserve the flow of credit to the economy, the American people will recognize that act of courage.

Kurt Eggert, law professor at the School of Law at Chapman University and a former member of the Federal Reserve Board's Consumer Advisory Council

The defeated bailout plan focused on reducing the symptoms rather than fixing the underlying causes of the financial crisis. At the heart of the financial crisis are the multitude of bad loans, many of them subprime, that are going into default and foreclosure and dragging down our financial markets with them.

Rep. Jeb Hensarling, (R-Tex.)

On urgency created by market decline: Congress shouldn't act on a piece of legislation that may cost people \$700 billion and fundamentally change the role of the federal government for generations to come based upon what the Dow did in one day.

Joseph A. LaVorgna and Carl J. Riccadonna, economists, Deutsche Bank

The inability to pass the Paulson Plan imparts serious downside risks to an already fragile economy and brittle financial sector. Given the dramatic tightening in financial conditions over the last couple of weeks, which has yet to fully impact the economy, we are increasingly concerned that consumer spending--and hence GDP--could roll over harder and faster than we presently anticipate.

Sen. Judd Gregg, (R-N.H.)

Obviously this vote has severe ramifications as we've already seen a dramatic decline in the markets, which undoubtedly will have significant effects on Main Street and the everyday lives of Americans. This effort to stabilize the markets is not just an exercise in political ideology, but a critical and responsible measure to stave off serious fiscal trouble. It is now time for both sides of the aisle, in both chambers of Congress, to recognize the need to act.

Mark M. Zandi, chief economist at Moody's Economy.com

It's shocking and disappointing. If Congress doesn't agree by the end of the week, I fear the economy will be in a severe recession by Halloween. The credit markets are already frozen, and unless they're unclogged, businesses are going to begin laying off workers and cutting operations by the end of month. I'm still hopeful that Congress will act. The market response today reinforces the point of what will happen if they don't.

Sen. John McCain (R-Ariz.)

Now it's time for all members of Congress to go back to the drawing board. I call on Congress to get back obviously immediately to address this crisis. ... I speak to you in an hour of crisis for our nation's economy. I believe that the challenges facing our economy could have a grave impact on every American worker, small business owner and family if our leaders fail to act.

Sen. Barack Obama (D-III.)

This is a moment of national crisis, and today's inaction in Congress, as well as the angry and hyper-partisan statement released by the McCain campaign, are exactly why the American people are disgusted with Washington. Now is the time for Democrats and Republicans to join together and act in a way that prevents an economic catastrophe.

Brad Smith, general counsel, Microsoft

Microsoft strongly urges members of the U.S. House of Representatives to reconsider and to support legislation that will re-instill confidence and stability in the financial markets. This legislation is vitally important to the health and preservation of jobs in all sectors of the economy of Washington State and the nation, and we urge Congress to act swiftly.