COMMITTEE ON FINANCE
NEWS RELEASE

Max Baucus, Chairman
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**Hearing Statement of Senator Max Baucus (D-Mont.)**
**Regarding the Proposed Bank Tax**

Criticism of the big Wall Street banks is nothing new. Nearly a century ago, Louis Brandeis wrote:

"The goose that lays golden eggs has been considered a most valuable possession. But even more profitable is the privilege of taking the golden eggs laid by somebody else's goose. The investment bankers and their associates now enjoy that privilege."

Ninety-four years later, with the financial crisis of 2008, much remained the same. Wall Street bankers still took the golden eggs. And the American taxpayers' goose got cooked.

The financial crisis of 2008 led to the Great Recession. And the financial crisis led to President Bush's bank bailout, the Troubled Asset Relief Program, or TARP.

Today, we convene our third and final hearing to consider President Obama's proposal for a tax to recoup the losses from TARP.

Three weeks ago, we heard from Neil Barofsky, TARP's Special Inspector General. He provided an update on TARP. He explained who had received TARP money, and who'd probably be able to pay the money back.

Last week, we heard from Treasury Secretary Geithner. He gave us details about how the bank tax would be calculated. He told us to whom it would apply. And he made the case for the tax.

We also heard from a panel of financial industry experts. They outlined their concerns with paying the tax.

Today's hearing will help us to address many questions:

Who should pay the tax?

What's the best way to structure the tax?

How can we best ensure that the tax is fair?

And how can we minimize unintended consequences?

Our hearings have demonstrated that the financial crisis had effects much wider than the direct costs of the TARP program. The financial crisis resulted in federal spending to rescue the financial industry. And it resulted in increases in spending for unemployment insurance and assistance to help keep folks in their homes.

Today, we hope to further our understanding of the extent of the economic effects of the financial crisis. And today we hope to learn the true costs of weathering the economic storm.

We also will delve more deeply into the economics of a bank tax. And we will examine its effects on consumers, our nation's economy, and our financial system.

Douglas Elliott, from The Brookings Institution, and David John, from the Heritage Foundation, will discuss the policy and economic implications of a bank tax.

Edward DeMarco, from the Federal Housing Finance Agency, the overseer of Fannie Mae and Freddie Mac, will give us an update on the status of these two enterprises. We can ask him whether the bank tax should apply to Fannie and Freddie.

And Nancy McLernon, from the Organization for International Investment, will tell us how she thinks a domestic bank tax will affect U.S. subsidiaries of foreign financial institutions. And she will give us an update on what the G-20 countries are doing.

When we close our series of hearings today, we will have established a solid foundation to build on as we move forward on the bank tax.

There may always be Wall Street bankers taking the golden eggs laid by somebody else's goose. But let's consider today whether we can get some of the bounty back, for the American taxpayer.

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