



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

ASSISTANT SECRETARY

November 10, 2008

The Honorable Paul E. Kanjorski
United States House of Representatives
Washington, DC 20515

Dear Mr. Kanjorski:

I am responding to your letter concerning the current economic turmoil. We appreciate your thoughts and concerns and want to assure you that the Treasury and other federal regulators are working tirelessly to address the challenges facing our financial markets today.

The current circumstances are difficult, but we are confident we can work together through these challenges. We are a resilient nation, with the resources to address the challenges facing our economy. On Friday, October 3, Congress passed the Emergency Economic Stabilization Act of 2008 (EESA), which was immediately signed by President Bush. We applaud the efforts of members from both sides of the aisle for working together to enact legislation that will unfreeze the financial markets and benefit the broader economy.

We are sensitive to the financial troubles facing municipalities as a result of strained credit conditions. We understand that state and local governments provide critical services and employment opportunities for the communities they serve. However, we believe that the most effective solution for these municipalities is a stable financial environment, and we believe that EESA is sufficient to provide that. We also believe that your specific suggestions about the use of the Commercial Paper Funding Facility are best directed to the Federal Reserve, who is responsible for its operation.

Efforts to promote financial stability will be done with careful attention to protecting taxpayer interests, and funds will be deployed where they will have the greatest impact on the economy as a whole. Ultimately, it is a stable financial system – and the economic activity it supports – that will generate the greatest returns to the taxpayer. The economic slowdown threatens employment for everyday workers. Our goal is to restore capital flows to consumers and businesses, supporting America's economic productivity.

We have policy teams designing programs to deploy funds through the Troubled Asset Relief Program. This work will restore the confidence and trust needed to stabilize our financial system. In addition, we have begun work on compliance, executive compensation guidelines, foreclosure mitigation, and oversight. We also know that getting it right is as important as getting it done quickly. We can and will do both.

There remains much to do, and we are committed to overcoming the economic challenges our nation faces. The United States will, as it has in the past, emerge stronger and better able to provide new opportunities for its workers and increased prosperity for its families. And as economic growth and financial stability are restored, state and local governments will see borrowing become cheaper, revenues rise, and their financial troubles ease.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin I. Fromer". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Kevin I. Fromer
Assistant Secretary for Legislative Affairs