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*Since then, many have continued to heckle the legislation as the economy sputters. I caught up with Campbell, who is often in demand from the business media because of his economic background, to see what he thinks of the program’s development and the economy’s prospects.*

**It seems the focus of the Troubled Assets Relief Program approved by Congress in October has shifted a few times. At first the aim was to buy up the toxic mortgages and get those off the books of the troubled banks. Then Treasury Secretary Henry Paulson said it would be best to just capitalize troubled banks to improve liquidity since the main problem remained frozen credit. Is this a sign that the program has just run amok, the equivalent of dropping money from a plane to failing banks? Or does it signal a very fluid market requiring its doctors to maintain aim on a moving target?**

The TARP was intentionally made flexible so that the Treasury Department had the ability to respond to rapidly changing market conditions without having to obtain additional congressional authorizations. This is a very fluid situation, which can literally require new strategies in 24 hours, not to mention over a period of weeks or months.

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**You took some heat from some of your constituents for supporting the bailout legislation, but you felt at the time that it was important because the markets had reached a crisis. Given time to reflect and the results since then, do you have any regrets, and what would you have done differently if you were the Treasury secretary?**

I have no regrets about my support of the rescue plan and believe that subsequent events have confirmed the need for this program. The credit markets and banking system were only days away from total collapse. Economists all across the ideological spectrum agree that the rescue plan has prevented that. Sure there are things in hindsight that the Treasury secretary might have done differently (like allow Lehman Brothers to fail). But without the benefit of hindsight, I probably would have made the same decision at the time.

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**President-elect Barack Obama recently said in an interview that it would be unwise to judge the effectiveness of the TARP on the basis of the markets remaining in turmoil. He pointed out that had Congress not approved the financial assistance, things could be a lot worse now. Do you think that's a fair assessment?**

I agree with President-elect Obama's assessment, as I have outlined above. The economy is terrible and getting worse in part because of the ripple effects of the credit market turmoil. But a complete collapse would have been much, much worse.

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**Obviously, what has happened to the economy and the steps taken to improve it are very complicated to the average person who does not have an advanced degree in economics. How do you explain it all to them in terms even an elementary school student can understand? Do you think the failure to do that by some of our political leaders has led to so much confusion and anger about our financial circumstances?**

This is complicated stuff. It is hard even for the most financially sophisticated people to

understand, not to mention the average person who has other concerns, talents and specialties. It is important to communicate how this all affects that everyday person. What is often hard to explain is the linkage between the actions being taken and someone's bank account or job. Unfortunately, as the economy worsens, I think that more people see that somehow there is a connection, and that something has to be done to stop it or slow it down.

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**It seems things have gotten so bad that banks considered among the healthiest, such as Citi, now have to seek refuge under the TARP. Did they get too infected with the toxic mortgages, and can you see any way out of this mess?**

Yes. Most banks got infected with these toxic mortgages in some way. When these things were at their peak, the banks doing a lot of them were reporting a lot of earnings. Other banks then started to copy it so they too could make lots of money. It all turned out to be too good to be true. We will work out of it, but it will take time, and it will be painful as we "deleverage" the banking system and the housing market.

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**PIMCO executives recently forecast about another 18 months before there's a turnaround. Do you think that's a fair estimate?**

I am not an investment advisor, and the PIMCO people are. But I believe it will be at least 18 months and maybe longer before any normalcy of growth returns to the economy. And then, we may have an inflation problem because of all of the additions to the money supply. But one crisis at a time. We need to restore growth first and worry about other problems later.

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**What should people do with their money right now? Some say stick with the stock market because you can only win with a long-term strategy. But if you're nearing retirement and you see your 401(k) fading, is there a safer place to put your money?**

As I said before, I am not a financial advisor and am not comfortable giving this sort of investment advice.

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**What do you think of the financial team President-elect Obama has introduced?**

I am generally impressed with the president-elect's financial team. They are experienced, smart and capable. I don't agree with them on various policy issues, and those disagreements will become more apparent after this crisis is over.

But solving this crisis now is less about philosophy and more about mechanics, and I think they will be able mechanics.