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Did TARP Work?

Michael Sean Winters | Mar. 28, 2011 Distinctly Catholic

Robert Samuelson, in this morning's Washington Post [1], argues that the Wall Street bailout worked despite the fact that it remains highly unpopular. I agree that it worked - after all, we did not slide into another Great Depression. And, it showed, although everyone seems to have forgotten this, that in the face of an economic collapse brought on my the misdeeds of our financial barons, the government can step in, indeed must step in, to prevent further human misery.

Samuelson notes one fact that, I suspect, will be useful in future debates. The original TARP legislation authorized $700 billion in new federal spending. In fact, only $410 billion was spent. You say, "Only $410 billion" and it is a fair question. But, according to the most recent statistics, most of that money has been paid back and so the total cost of the measure is now estimated to be $19 billion.

The only thing that TARP left out, as I have mentioned before, was some provision for public shame. I like the idea of bringing back the stcoks and pillories and putting them in front of major Wall Street firms. I do not think it costs very much to build stocks and pillories, certainly not an additional billion.

The real lesson here is the effectiveness with which certain right-wingers promote a narrative that is based in fantasy. Big government spending is one of their favorite whipping boys, and $700 billion is big spending by anyone's calculation. But, all that money was never spent, and what was spent has been largely paid back. But, why let a little thing like facts get in the way of a good political throwaway line.

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[1] http://www.washingtonpost.com/opinions/why-tarp-has-been-a-success-story/2011/03/25/AFEe6jkB_story.html