

Former Vice President of Dallas Fed: Tarp Didn't Restore Health of Banking System

Newsweek has a one year [retrospective](#) on the Tarp bailouts which contains the following important quotes:

"It hasn't done what [Paulson] said it would," says Jerry O'Driscoll, a former vice president of the Dallas Federal Reserve and a senior fellow at the Cato Institute. "Yes, it saved some banks from going under, but did it restore the health of the banking system? Absolutely not."

"They didn't extract sensible terms," says Simon Johnson, former chief economist at the IMF. Johnson points out that Paulson didn't ask of its own banks what the U.S. regularly asks of developing countries when cleaning up their banking systems. "One of the first things that's done is to fire the managers that oversaw the problems," says Johnson. "Yet shockingly, this hasn't happened in the U.S. These guys are still there for the most part."
