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Synthesis Essay Prompt

Background: Bank bailouts are financial programs in which a government spends great amounts of money (usually from taxpayers) to help support or even resuscitate large failing financial institutions. Governments have used bailouts many times over the last century to keep their biggest banks and the people dependent on them afloat. During the 2008 recession, a large-scale bank bailout under the Emergency Economic Stabilization Act of 2008 was carried out to keep banks such as Morgan Stanley and Goldman Sachs from being destroyed.

Prompt: Carefully read the following eight sources, including the introductory information for each source. Then synthesize information from at least three of the sources and incorporate it into a coherent, well-developed essay responding to the prompt: "To what extent should limitations be placed on the ability of the federal government to levy bank bailouts and the implications that bank bailouts have on the economy."

Directions: Make sure that your argument is central to your essay; use the sources to illustrate and support your reasoning. Avoid merely summarizing the sources. Indicate clearly which sources you are drawing from, whether through direct quotation, paraphrase, or summary. You may cite the sources as Source A, Source B, etc., or by using the descriptions in the parentheses.

Sources:

Source A) *The Big Short* (Lewis, Michael)

Source B) Section 103 of the Emergency Stabilization Act Amendment to H.R. 1424

Source C) Chart of the allocation of TARP funds by CNN (Goldman, David)

Source D) "Op-Ed: The bank bailout of 2008 was unnecessary. Fed Chairman Ben Bernanke scared Congress into it" (Baker, Dean)

Source E) “Did the U.S. Taxpayer Really Make a Profit on the Bank Bailouts?” (Anginer, Deniz)

Source F) “Bank bailouts propped up the financial system. But we sn hould never repeat them.” (Blair, Sheila)

Source G) “Here’s how much the 2008 bailouts really cost” (Hambert,Tam)

Source H) “The bank bailout cost US taxpayers nothing? Think again” (Herbst, Moira)

Source I) “Summary of the Emergency Economic Stabilization Act of 2008” (The Washington Times)

(Source B)

“ Section 103 of the Emergency Stabilization Act Amendment to H.R.” *The Wayback Machine*, 2008, web.archive.org/web/20081001214431/banking.senate.gov/public/_files/latestversionAYO08C32_xml.pdf.

SEC. 103. CONSIDERATIONS.

In exercising the authorities granted in this Act, the Secretary shall take into consideration—

(1) protecting the interests of taxpayers by 7 maximizing overall returns and minimizing the impact on the national debt;

(2) providing stability and preventing disruption to financial markets in order to limit the impact on the economy and protect American jobs, savings, and retirement security;

(3) the need to help families keep their homes and to stabilize communities;

(4) in determining whether to engage in a direct purchase from an individual financial institution, the long-term viability of the financial institution in determining whether the purchase represents the most efficient use of funds under this Act;

(5) ensuring that all financial institutions are eligible to participate in the program, without discrimination based on size, geography, form of organization, or the size, type, and number of assets eligible for purchase under this Act;

(6) providing financial assistance to financial institutions, including those serving low- and moderate-income populations and other underserved communities, and that have assets less than $1,000,000,000, that were well or adequately capitalized as of June 30, 2008, and that as a result of the devaluation of the preferred government-sponsored enterprises stock will drop one or more capital levels, in a manner sufficient to restore the financial institutions to at least an adequately capitalized level;

(7) the need to ensure stability for United States public instrumentalities, such as counties and cities, that may have suffered significant increased costs or losses in the current market turmoil;

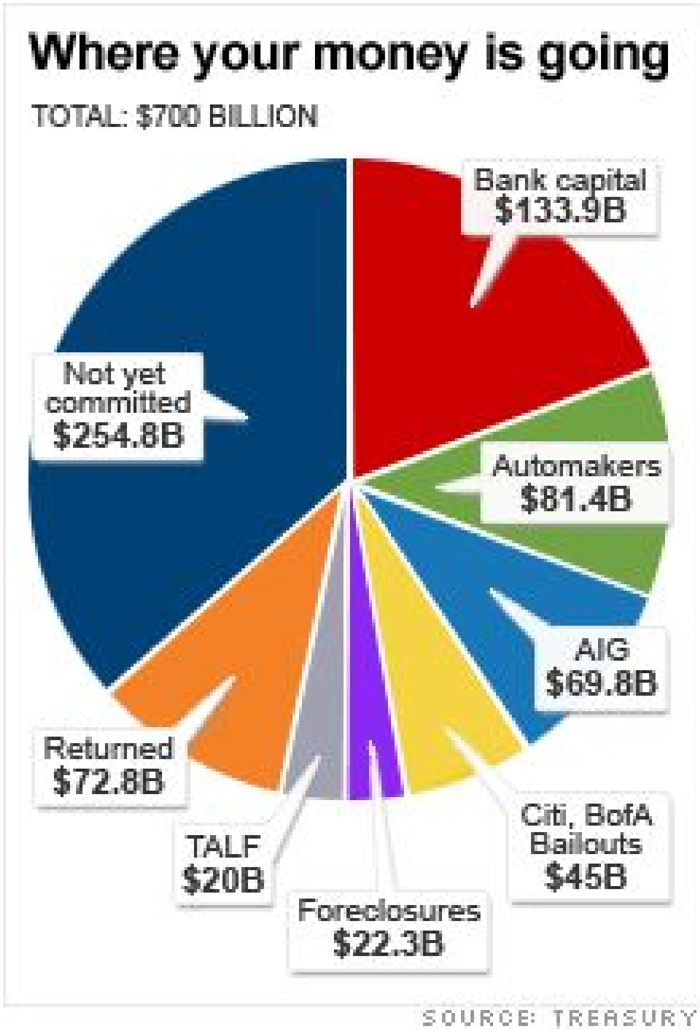
(8) protecting the retirement security of Americans by purchasing troubled assets held by or on behalf of an eligible retirement plan described in clause (iii), (iv), (v), or (vi) of section

402(c)(8)(B) of the Internal Revenue Code of 1986, except that such authority shall not extend to any compensation arrangements subject to section 409A of such Code; and

(9) the utility of purchasing other real estate owned and instruments backed by mortgages on multifamily properties.

(Source C)

Goldman, David. "TARP: Taxpayers on the Hook for $200 Billion." *CNNMoney*, Cable News Network, 3 Oct. 2009, money.cnn.com/2009/10/02/news/economy/tarp_anniversary/index.htm.



(Source D)

“Op-Ed: The Bank Bailout of 2008 Was Unnecessary. Fed Chairman Ben Bernanke Scared Congress into It.” *Los Angeles Times*, Los Angeles Times, 14 Sept. 2018, www.latimes.com/opinion/op-ed/la-oe-baker-bailout-20180914-story.html.

This week marked 10 years since the harrowing descent into the financial crisis — when the huge investment bank Lehman Bros. went into bankruptcy, with the country’s largest insurer, AIG, about to follow. No one was sure which financial institution might be next to fall.

The banking system started to freeze up. Banks typically extend short-term credit to one another for a few hundredths of a percentage point more than the cost of borrowing from the federal government. This gap exploded to 4 or 5 percentage points after Lehman collapsed. Federal Reserve Chair Ben Bernanke — along with Treasury Secretary Henry Paulson and Federal Reserve Bank of New York President Timothy Geithner — rushed to Congress to get $700 billion to bail out the banks. “If we don’t do this today we won’t have an economy on Monday,” is the line famously attributed to Bernanke.

The trio argued to lawmakers that without the bailout, the United States faced a catastrophic collapse of the financial system and a second Great Depression.

Neither part of that story was true.

Still, news reports on the crisis raised the prospect of empty ATMs and checks uncashed. There were stories in major media outlets about the bank runs of 1929.

No such scenario was in the cards in 2008. Unlike 1929, we have the Federal Deposit Insurance Corporation. The FDIC was created precisely to prevent the sort of bank runs that were common during the Great Depression and earlier financial panics. The FDIC is very good at taking over a failed bank to ensure that checks are honored and ATMs keep working. In fact, the FDIC took over several major banks and many minor ones during the Great Recession.

Business carried on as normal and most customers — unless they were following the news closely — remained unaware.

The prospect of Great Depression-style joblessness and bread lines was just a scare tactic used by Bernanke, Paulson and other proponents of the bailout.
Had bank collapses been more widespread, stretching the FDIC staff thin, it is certainly possible that there would be glitches. This could have led to some inability to access bank accounts immediately, but that inconvenience would most likely have lasted days, not weeks or months.

Following the collapse of Lehman Bros., however, the trio promoting the bank bailout pointed to a specific panic point: the commercial paper market. Commercial paper is short-term debt (30 to 90 days) that companies typically use to finance their operations. Without being able to borrow in this market even healthy companies not directly affected by the financial crisis such as Boeing or Verizon would have been unable to meet their payroll or pay their suppliers. That really would have been a disaster for the economy.

However, a $700-billion bank bailout wasn’t required to restore the commercial paper market. The country discovered this fact the weekend after Congress approved the bailout when the Fed announced a special lending facility to buy commercial paper ensuring the availability of credit for businesses.

Without the bailout, yes, bank failures would have been more widespread and the initial downturn in 2008 and 2009 would have been worse. We were losing 700,000 jobs a month following the collapse of Lehman. Perhaps this would have been 800,000 or 900,000 a month. That is a very bad story, but still not the makings of an unavoidable depression with a decade of double-digit unemployment.

The Great Depression ended because of the massive government spending needed to fight World War II. But we don’t need a war to spend money. If the private sector is not creating enough demand for workers, the government can fill the gap by spending money on infrastructure, education, healthcare, child care or many other needs.

Enter the Fray: First takes on the news of the minute from L.A. Times Opinion »

There is no plausible story where a series of bank collapses in 2008-2009 would have prevented the federal government from spending the money needed to restore full employment. The prospect of Great Depression-style joblessness and bread lines was just a scare tactic used by Bernanke, Paulson and other proponents of the bailout to get the political support needed to save the Wall Street banks.

This kept the bloated financial structure that had developed over the last three decades in place. And it allowed the bankers who got rich off of the risky financial practices that led to the crisis to avoid the consequences of their actions.

While an orderly transition would have been best, if the market had been allowed to work its magic, we could have quickly eliminated bloat in the financial sector and sent the unscrupulous Wall Street banks into the dust bin of history. Instead, millions of Americans still suffered through the Great Recession, losing homes and jobs, and the big banks are bigger than ever. Saving the banks became the priority of the president and Congress. Saving people's homes and jobs mattered much less or not at all.

(Source E)

“Did the U.S. Taxpayer Really Make a Profit on the Bank Bailouts?” *World Bank Blogs*, blogs.worldbank.org/allaboutfinance/did-the-us-taxpayer-really-make-a-profit-on-the-bank-bailouts.

CNN Anchor Erin Burnett mocked the Occupy Wall Street protest during her show recently. Burnett asked a protester if he knew taxpayers “actually made money” on the Wall Street bailout. The protester responded that he was “unaware.”

“Yes, the bank bailout made money for the taxpayers, right now to the tune of $10 billion,” Burnett said. “These are seriously the numbers. This is the big issue? So…we solved it.”

As that exchange demonstrates, the bailout was a success or a failure depending on how you look at it. If you look at direct cash expenditures and receipts, the government has broken even or perhaps made a profit. But that doesn’t seem correct to many. Intuitively, many people from across the political spectrum have a strong suspicion that there are other costs that are not being captured by direct dollar figures.

The problem is that people don’t have a ready way to quantify what they know intuitively—that the implicit guarantee provided by the government has value, and bailouts lead to excessive risk taking and moral hazard and, ultimately, future costs for taxpayers. So instead, the focus shifts to direct measures of simple cash dollars, making the bailout appear to be a surprising success.

A recent article stated that the bank bailout “officially turned a profit for taxpayers…Treasury invested $245 billion [and] $251 billion has now been returned to government coffers.” While the article cautioned that “TARP could leave a legacy of ‘moral hazard” no attempt was made to incorporate moral hazard costs into the headline numbers.

Recently, another article in the cited government claims that “TARP has been a success” because it is “being paid back at an apparent profit for taxpayers.” But the article then cautioned that “the focus on repayment fails to consider the huge taxpayer costs [that] … dwarf the size of TARP.” As the article explained, “Seldom mentioned are future costs resulting from using TARP funds to rescue systemically important financial and other firms,…solidifying the market’s belief in an implicit guarantee from the government.” They cautioned that the implicit guarantee “need[s] to be included in any accounting of the costs of TARP.”

In a recent paper with my colleague Joe Warburton, we investigate and try to quantify the price tag associated with the implicit guarantee provided by the government to systemically important banks. Using credit spreads on bonds issued by large U.S. financial institutions, we find that expectations of state support reduce the cost of debt for these systemically important institutions.

While there is a positive relationship between the cost of debt and risk for most financial institutions, this relationship breaks down for the largest financial institutions. Debt holders of major financial institutions have an expectation that the government will shield them from losses and, as a result, they do not they do not internalize the full cost of the risk presented by these institutions.

This expectation of public support constitutes a subsidy to large financial institutions, lowering their funding costs. As illustrated in the chart below, we find that the implicit subsidy given to large banks provides an annual funding cost advantage of approximately 16 basis points before the financial crisis (from 1990-2007), increasing to 88 basis points during the crisis (2008-2010), peaking at more than 100 basis points in 2008. The total value of the subsidy amounted to about $4 billion per year before the crisis, increasing to $60 billion during the crisis, topping $84 billion in 2008.

Implicit state insurance represents a significant wealth transfer from taxpayers to major financial institutions. Compared to this transfer of wealth, the accounting profit of $10 billion reported above looks rather paltry. We believe that the cost of this implicit insurance should be internalized by imposing a corrective insurance premium, thereby restoring bondholders' incentive to monitor banks and creating a more stable and efficient financial system.

(Source F)

Bair, Sheila. “Perspective | Bank Bailouts Propped up the Financial System. But We Should Never Repeat Them.” *The Washington Post*, WP Company, 24 May 2019, www.washingtonpost.com/outlook/bank-bailouts-propped-up-the-financial-system-but-we-should-never-repeat-them/2019/05/23/f50e001a-7bee-11e9-8ede-f4abf521ef17_story.html.

A decade after the massive government bailouts for Wall Street, some of the financial intelligentsia in New York and Washington no longer seem to view them as a bad thing. Rather than distasteful taxpayer handouts to reckless financial institutions, a new narrative holds that the extreme moves of 2008 and 2009 were heroic measures that the government should be ready to redeploy if the financial sector implodes again.

Bankers and Wall Street titans, for whom this argument carries obvious benefits, aren’t the only ones making it. Even some leading economists are expressing sympathy for this view. But the main proponents of this idea are former treasury secretaries Hank Paulson and Timothy Geithner, and former Federal Reserve Board chair Ben Bernanke, key architects of the government’s response to the financial meltdown. They recently co-authored a book to advance the point.

But let’s be candid: While these massive bailouts were intended to help the real economy, they worked primarily to the benefit of Wall Street. They may have kept the financial system sputtering along, but the rationale — that bailing out the financial sector would help everyone else — didn’t materialize. Rather than making big bailouts the norm, we should work to make sure that they never happen again. They were a terrible idea — a feat we should not repeat.

As chair of the Federal Deposit Insurance Corporation during those tumultuous years, I worked closely with these three gentlemen on stabilization measures. Those included temporary debt guarantees provided by the FDIC to many large financial institutions like Morgan Stanley, Goldman Sachs and Citigroup so they could continue to access the money they needed to operate as credit markets seized up. Our programs have been widely lauded for their effectiveness, including by Paulson, Bernanke and Geithner, and I am proud of the professionalism and skill that the FDIC staff showed in designing them and putting them into place so quickly.

The job of the FDIC is to protect Main Street depositors from losses on their insured deposits. (We handled nearly 400 bank failures during my five-year tenure, permitting depositors seamless access to their money.) The job is not to create expectations among big bond-investment firms that the agency will protect them from losses if they own the debt of a bank that runs into trouble. They have the resources and sophistication to protect themselves, and we need them to exercise market discipline to help keep risky bank behavior in check.

During the financial panic, I went along with the extraordinary interventions because I understood them to be one-offs, unprecedented measures to address an unprecedented crisis. I thought that once we got through those dark days, we would commit to fundamental reforms of the financial system to make sure it wouldn't run us into a ditch again. But now Geithner, Paulson and Bernanke — the architects of the bailouts — want to standardize these extraordinary measures and even repeal the modest limits Congress wisely placed on them in 2010.

Once the immediate danger was past, Congress constructed procedures for handling the orderly failure of large, sick institutions — procedures that impose accountability on management, boards and investors, while preserving latitude for regulators to limit disruptions to the real economy.

Using these new rules, investors, rather than taxpayers, absorb losses, while culpable executives and board members lose their jobs. At the same time, regulators have latitude to provide funds to continue credit and payment services to the customers of the failed institution as it is wound down.The system needed these better rules and parameters for the use of government resources to support financial institutions.

Most of the major failures that occurred during the crisis were not of FDIC-insured banks — for which we had time-tested tools to manage collapses — but of non-bank brokerage or insurance firms such as Lehman Brothers, Bear Stearns and AIG, or noninsured affiliates of big banking organizations such as Citigroup. For these entities, we didn’t have a playbook, which is why there was so much ad hoc decision-making that confused the market and made us vulnerable to accusations of caprice and bad judgment.

I believe we acted honorably in what we considered the best public interest. But our ability to exercise broad discretion with no real-time oversight or transparency left us open to this criticism.

Bear Stearns was bailed out. Lehman Brothers was allowed to fail. AIG was effectively nationalized. Citigroup received serial bailouts with virtually no strings attached. We were handing out government cash, picking winners and losers, without any statutory guidance governing who would be eligible, how support should be allocated or what we should ask in return to make sure the support flowed through to the real economy. Our successors now have the playbook that we so badly needed in 2008 and 2009. And if they have to make the same kind of hard choices we did, they will at least have rules that justify their actions.

The public also needs a more thoughtful reassessment of how we could do more (not less) to let mismanaged financial institutions face the consequences of their executives’ bad decisions, whatever the market determines those consequences should be. Orderly liquidation of these institutions, as Congress has legislated, and imposition of losses on their investors would do far more to tame the financial sector than a regulatory regime that is proving itself, once again, to be far too captive of a Wall Street mind-set. Regulators are moving — as they were in 2006, just before the crisis — to ease requirements for how much money big banks must have on hand, as well as restrictions on loose lending and risky investments, when the banks should be tightening standards and building their reserves for the next downturn.

Bailout advocates have a blind spot about the lasting damage to the broader economy and the role of the crisis as a catalyst for rising populism. They defend the massive bailouts as necessary to avert another Great Depression. Maybe. It's hard to prove a negative. But I doubt the general public will ever accept the story that the bailouts were meant to help Main Street. After all, most of the big banks barely missed a few quarters of profitability and were paying their executives big bonuses again by the end of 2009. No one went to jail.

It's naive to think that our democracy could survive another financial crisis and another round of big bank bailouts. It's wrongheaded to make serial bailouts the new normal. If the financial sector is really that unstable, we should just break up the big banks now — my preference — or nationalize them.

The last catastrophe saw 9 million jobs lost, 8 million homes gone. A lost decade for most of America. We cannot survive that again without even more major political upheaval. So if there is a next time, let's allow a few of those mismanaged big banks to go down in flames and focus instead on putting out the fires on Main Street — by helping borrowers and supporting the better-managed banks, the ones that can keep credit flowing to the real economy. The survival of a reckless and unstable financial sector is not the business of our government. The survival of democracy is.

(Source G)

Harbert, Tam. "Here's How Much the 2008 Bailouts Really Cost." *MIT Sloan*, 21 Feb. 2019, mitsloan.mit.edu/ideas-made-to-matter/heres-how-much-2008-bailouts-really-cost.

Accurately assessing the costs and benefits of government bailouts will enable future policymakers to make better choices.

Ask three people their opinion of the U.S. government's bailouts during the 2008 financial crisis, and you'll likely get three different answers.You can't know if a policy is worthwhile if you don't know how much it costs.

Policymakers from that time argue that bailing out critical financial institutions was necessary to stave off an even greater meltdown. Others maintain the government should have taken even more aggressive actions — to save Lehman Brothers, for instance, or rescue homeowners with underwater mortgages. Still others say that the government shouldn't have used taxpayers' money to save wealthy bankers.

Each of those groups can find numbers to support their conflicting views of the bailouts' price tag.

In 2012, then-President Barack Obama claimed the government got back "every dime used to rescue the banks." Meanwhile, ProPublica's ongoing "Bailout Tracker" reported a total net government *profit* of $96.6 billion as of February 2019, a figure that includes money paid back by bailed-out companies as well as revenue from dividends, loan interest, warrants, and other proceeds. In contrast, a 2015 Forbes article claimed the U.S. had by then paid out $4.6 trillion of $16.8 trillion in committed funds.

Redoing the math

None of those numbers are accurate, according to Deborah J. Lucas, MIT Sloan distinguished professor of finance and director of the MIT Golub Center for Finance and Policy.

Popular accounts of bailout costs tend to severely overstate or understate their economically relevant value, Lucas writes in a paper to be published in the Annual Review of Financial Economics.

Professor Deborah J. Lucas pegs the cost of the 2008-09 bailouts at $498 billion.

According to Lucas, an accurate measure of cost requires taking a fair value approach — one that considers the full range of future gains and losses, and that recognizes the cost of that risk. Lucas draws selectively from existing costs estimates, such as those from the U.S. Congressional Budget Office, which use that method, and she augments those numbers with calculations based on various data sources from that period.

By those calculations, the total direct cost of crisis-related bailouts on a fair value basis was about $498 billion, which amounted to 3.5 percent of gross domestic product in 2009.

As for who directly benefitted, Lucas found that the main winners were the large, unsecured creditors of large financial institutions. While their exact identities have not been made public, most are likely to have been large institutional investors such as banks, pension and mutual funds, insurance companies, and sovereigns.

Why is it important to get the number right? Meaningful measurement of the direct costs of bailouts will arm policymakers with critical information on which to base decisions in future crises, said Lucas.

And credible cost assessment may help reduce political and policy discord around fairness. “Unless we can agree on what things cost, we're not going to be able to agree on the right policy response,” she said.

Public aversion notwithstanding, “most economists don't believe that we can prevent all financial crises,” she said. “And that means we’re likely to bail out some financial institutions in the future.”

When crisis hits, policymakers have to act fast — which is why it makes sense now to study the cost and benefits of the various tools available to them.

The many new regulations put in place to prevent the need for future bailouts also require further study. “Policymakers have to weigh the costs of future bailouts against the costs of the regulatory burden imposed by trying to prevent the need for them,” Lucas said.

“We haven’t had an explicit conversation about what regulations are cost-effective or what government policies could be most cost-effective in the future,” Lucas said. “And you can’t know if a policy is worthwhile if you don’t know how much it costs.”

(Source H)

Herbst, Moira. "The Bank Bailout Cost US Taxpayers Nothing? Think Again | Moira Herbst." *The Guardian*, Guardian News and Media, 28 May 2013, www.theguardian.com/commentisfree/2013/may/28/bank-bailout-cost-taxpayers.

Last week, the Congressional Budget Office (CBO) released a report (pdf) with what seemed like good news: the bailout of 2008 – which fronted $700bn in taxpayer funds to prop up the financial institutions that brought the economy to the brink – ended up cheaper than expected. The price tag was revised down to $21bn from $24bn.

The picture was even rosier once you looked past how much it cost to bailout General Motors and insurance giant AIG. The cost of the bank bailout alone is, in fact, projected to be "almost nothing", as Politico's Morning Money blog put it. So insignificant was the harm done to taxpayers that Politico put "bailout" in quotation marks.

So, the hullabaloo was apparently for nothing. Far from being victims robbed of their tax dollars, the American public is essentially a winner in the bank rescue scheme – a shrewd investor who (involuntarily) played her cards right.

This is the line the banks and the US Treasury would like us to swallow. It is, of course, totally false. The bailout cost us plenty, and continues to do so. Sadly, it is the gift that keeps on giving to the very banks that drove our economy over a cliff – and took trillions in housing wealth, retirement funds and millions of jobs with it.

First of all, $21bn is no bargain. It's a hefty sum for a government we're constantly told is broke – and needs to cut everything from air traffic controllers to Medicare, and from meals for needy seniors to public defenders and housing aid. Broke – but somehow able to front $700bn for reckless, wildly mismanaged banks.

Second, we might not have been so lucky. The government took a massive gamble with our money and demanded almost nothing in return. Even if we didn't max out our potential losses in this particular gamble, we easily could the next time around.

Which brings us to the third way the bailout continues to cost taxpayers: the poisonous legacy of "too big to fail". When rushing to help Citigroup, Bank of America and others, the government told the public, "We have no choice; if one of them goes down, so goes the entire US economy." It also sent an unmistakable message to the biggest banks:

> ″After the rescue, we then failed to hold banks accountable. Not a single top financial executive has faced criminal charges for the fraud that inflated and popped the housing bubble. (Way off his talking points in March, Attorney General Eric Holder basically admitted that some banks are just too big to prosecute.) It's the ultimate moral hazard: banks are gambling wildly in the casino, but we're on the hook for their worst losses.

(Source I)

“Summary of the Emergency Economic Stabilization Act of 2008.” *The Washington Times*, The Washington Times, 28 Sept. 2008, www.washingtontimes.com/news/2008/sep/28/summary-emergency-economic-stabilization-act-2008/.

Stabilizing the Economy

The Emergency Economic Stabilization Act of 2008 (EESA) provides up to $700 billion to the Secretary of the Treasury to buy mortgages and other assets that are clogging the balance sheets of financial institutions and making it difficult for working families, small businesses, and other companies to access credit, which is vital to a strong and stable economy. EESA also establishes a program that would allow companies to insure their troubled assets.

II. Homeownership Preservation

EESA requires the Treasury to modify troubled loans many the result of predatory lending practices wherever possible to help American families keep their homes. It also directs other federal agencies to modify loans that they own or control. Finally, it improves the HOPE for Homeowners program by expanding eligibility and increasing the tools available to the Department of Housing and Urban Development to help more families keep their homes.

III. Taxpayer Protection

Taxpayers should not be expected to pay for Wall Streets mistakes. The legislation requires companies that sell some of their bad assets to the government to provide warrants so that taxpayers will benefit from any future growth these companies may experience as a result of participation in this program. The legislation also requires the President to submit legislation that would cover any losses to taxpayers resulting from this program by charging a small, broad-based fee on all financial institutions.

IV. No Windfalls for Executives

Executives who made bad decisions should not be allowed to dump their bad assets on the government, and then walk away with millions of dollars in bonuses. In order to participate in this program, companies will lose certain tax benefits and, in some cases, must limit executive pay. In addition, the bill limits golden parachutes and requires that unearned bonuses be returned.

V. Strong Oversight

Rather than giving the Treasury all the funds at once, the legislation gives the Treasury $250 billion immediately, then requires the President to certify that additional funds are needed ($100 billion, then $350 billion subject to Congressional disapproval). The Treasury must report on the use of the funds and the progress in addressing the crisis. EESA also establishes an Oversight Board so that the Treasury cannot act in an arbitrary manner. It also establishes a special inspector general to protect against waste, fraud and abuse.