

## Local banks decline bailout

**Colin Read: Everybody's Business**

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— Citibank and the Bank of America are on the ropes, again.

These same banks were the talk of Wall Street just a couple of years ago, earning record incomes that exceed the gross domestic product of all but the top three dozen countries in the world. Yet now they have received almost \$100 billion in TARP bailouts, another \$450 billion in troubled asset guarantees, and tens of billions of dollars in new tax breaks. That is more than half a trillion dollars of taxpayer support for these two banks. And they are back again, asking for more.

You see, they now believe they paid too much for some of the financial companies they swept up at fire sale prices over the last year. And for some reason, then Secretary of the Treasury Hank Paulson assured them not to worry — we'll bail them out as often as they like.

Gee, makes you think, doesn't it? Ever bought something and later you decided you paid too much? I'd not thought to ask the Treasury to make me whole from my buyer's remorse. Big bank bailouts 1, Taxpayers 0.

To add insult to injury, a recent report from the Fed stated that almost four in five banks have tightened credit at a time when tightened credit is wreaking havoc with our economy. One bank was even widely reported to have said, "We're not going to change our business model or our credit policies to accommodate the needs of the public sector..."

I agree that to let these banks go under would decimate credit markets. We can't let that happen. We don't have to be happy about it either, though. I just wish big banks would not view the bailout as a windfall for its shareholders and for acquisitions only once the recession actually ends. Meanwhile, lack of big-bank financing is threatening the credit lines small business uses to make payroll and the loans the auto dealers need to sell cars.

Contrast this with U.K. Prime Minister Gordon Brown's statement to banks: "In return for access to any government support, there will have to be an increase in lending, and that will be legally binding. I will not sit idly by and let people and businesses go to the wall."

This bailout story has a local dimension, too, but in a good way. When offered a piece of the bailout pie, our local banks actually told Washington "Thanks, but no thanks." Our local banks are the one in five that have not reduced credit. They are at the heart of our community. In a town where the big banks choose not to operate, we have banks such as Glen's Falls, NBT, Champlain National and Community Bank doing a solid business here. They have even found themselves expanding credit to fill the gap as large banks ration lending to local companies.

That is not to say that government did not reach out and try to entice our local banks with the same bailout money the big guys readily took.

The Treasury does not want to bail out just any bank. They rank banks from Tier I to Tier V. Only the top two tiers are lent bailout money. The weaker banks are not eligible. Our local banks are eligible for TARP money because they are solid and well run. They are so solid that they don't need taxpayer money.

We should be proud because our regional banks are continuing to do well, thank you very much. And glad because they continue to invest in our community.

Their willingness to finance new companies coming to the area, to finance the homes that new workers and executives will buy, to refinance the mortgages of North Country residents who want to take advantage of low interest rates and to finance new cars at our local car companies helps keep our community going. Their faith in our community is one big reason why the North Country has remained relatively immune to the travails of the big cities.

Our banks are able to maintain the flow of credit when others are pulling out because they exercised the North Country steadiness that allows this community to accept and adjust to anything the economy wants to throw at us. They do so by relying more on the three Cs of Character, Credit and Collateral. They know us from our Rotary Clubs, P.T.A.s, hockey games and scout troops. Our banks show the North Country spirit.

This is a community where community still counts for something, where people live here because they want to retire here, and where we show our affection for the community by investing in the community.

This resilience and commitment of the North Country is what visitors to our region find so infectious.

It is the reason why airlines are offering more flights out of Plattsburgh International Airport all the time.

It is the reason why The Development Corporation and our local industrial-development agencies are thriving.

It is why senators and representatives alike call up our local Chamber of Commerce when they need to take the pulse of the real New York.

And those that want to do business in this region know that the North Country is not looking for a handout or a bailout. We just want to do an honest day's work for an honest day's pay — without the politics, the agendas or the egos that so infect and complicate dealings elsewhere. In other words, the North Country just wants to continue to do what made this country great.

Perhaps as the nation digs out of the economic pit we have dug for ourselves, we can hearken back to the days when the nation thrived on 10 percent inspiration and 90 percent perspiration.

And when we realize the strong economic values embodied in places like the North Country, we will realize there is nothing small about a small town.

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