



## GOVERNOR ARNOLD SCHWARZENEGGER

October 1, 2008

Dear Members of the California Congressional Delegation,

It's now very clear that the financial crisis on Wall Street is affecting California – its businesses, its citizens' daily lives and its state government's ability to obtain financing to pay for critical services.

This is how serious the situation is: our State Treasurer warns that the credit market has already frozen up to the point that it chills even the State of California's ability to meet its short-term cash flow needs. Additionally, without immediate action from you and your colleagues in Congress, California will be unable to sell voter-approved bonds for the highway, school, housing and water construction projects that our state is relying on to help carry us through this difficult economy. The state of our already-slow economy makes the financial situation even more urgent.

It is daunting that California, the eighth-largest economy in the world, cannot obtain financing in the normal course of its business to bridge our annual lag between expenditures and revenues. This means California may soon be forced to delay payments for critical services, such as teachers, law enforcement and nursing homes. The same thing would happen to California's counties and cities. That is, unless Congress acts quickly to restore confidence in our financial system.

I am writing to urge you to vote in favor of the Emergency Economic Stabilization Act. This plan is critical to the well-being of every community in California and across the nation. Swift action in Congress is needed to restore confidence in our financial system.

Let's be clear, this plan is not a "bailout" for Wall Street. To the contrary, the plan is about protecting Main Street.

We are currently witnessing the initial consequences of depositors and investors withdrawing assets from a financial system in which they have lost confidence and putting them in FDIC-insured accounts and federal obligations. That means there's little money for normal commerce and what money is available is too costly. This dramatically reduces economic activity, translating into fewer jobs, lower wages, reduced savings and threatened pensions. If the stabilization plan fails, these outcomes will materialize in scale.

Members of the California Congressional Delegation  
October 1, 2008  
Page two

California's businesses, both large and small, also face the prospect that banks will not be able to renew loans. It goes without saying that, when people and companies can't get the money to buy cars, inventory goods, plant crops, expand business and go to school, economic activity slows down, leading to job losses, wage reductions, savings declines and pension failures all along Main Street, California.

The situation is urgent. The crisis we face demands swift action and bipartisan leadership. Congress must pass this economic stability plan without further delay.

Sincerely,

A handwritten signature in black ink, appearing to read "Arnold Schwarzenegger". The signature is stylized and cursive, with a prominent initial "A".

Arnold Schwarzenegger

/jh