

Washington (April 21) - The following are remarks made by Congressman Spencer Bachus at a House Republican Leadership news conference on jobs and financial reform held on April 21, 2010.

Participants:

Republican Leader John Boehner (R-OH)

Republican Whip Eric Cantor (R-VA)

Republican Conference Chairman Mike Pence (R-IN)

Financial Services Committee Ranking Member Spencer Bachus (R-AL)

Rep. Shelley Moore Capito (R-WV)

Rep. Cynthia Lummis (R-WY)

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Conference Chairman Mike Pence

Good morning, all. We just completed the meeting of the House Republican Conference. The American people are tired of runaway federal spending, borrowing and bailouts. The legislation being considered by the Senate, which passed the House, is nothing but a permanent bailout and House Republicans are determined to oppose it. Last week, some Democrats said there wasn't a permanent bailout in this bill. Other Democrats, by the end of the week, said there was a permanent bailout fund in the bill. This may be one of those instances where the left hand doesn't know what the left hand is doing.

The truth is, the American people are not deceived here. They see that what's being passed under the cloak of financial services reform is nothing more than making permanent the Wall Street bailouts that passed, some year and a half ago, in the form of the TARP. House Republicans are determined to bring about financial services reform that begins with ending the era of bailouts through bankruptcy code reform and others, and protecting consumers without putting taxpayers on a permanent hook for financial institutions who act in a financially irresponsible way.

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Republican Whip Eric Cantor

Good morning. America is at a crossroads and the people across this country realize that decisions that are being made by this majority in Congress, as well as in the administration, are taking us down a path at that cross roads to an America we don't recognize.

The transformational change that this majority and administration have been about have manifested themselves in bills such as the stimulus bill, the health care bill, the proposed cap and trade bill, and now what we see yet another bill – the reg reform bill. What all these bills have in common is this notion that somehow we need to expand Washington's reach and at the same time, engage in rhetoric and discussion that aims to tear down the wage creators from trying to help the wage earners. It just doesn't make sense.

The president is going to Wall Street tomorrow and I know all of us are going to be listening to hear if he's actually going to try and address problems rather than affect an ideological agenda of transformational change. I personally want to hear the president speak about doing something about Fannie and Freddie and the systemic risk that they cause. We've heard nothing about it and all of us know they've had a lot to do with why we're in the shape that we're in, from an economic standpoint, in the first place. So, I'd say to the president, 'Instead of engaging in hyperbole about Wall Street, and the typical populist rhetoric that we've been about, let's start trying to focus on the problems and fix them.'

Rep. Cynthia Lummis

It is main street banks all over this country that are providing the credit to get America going again, to get small businesses hiring and entrepreneurs back in business, yet this bill focuses on Wall Street. This bill focuses on bailouts. This bill is a job killer.

Rep. Spencer Bachus

There are three things in the bill that are different. There are a lot of things that are alike. We both address derivatives, more transparency, we all close gaps in the regulation. But the three differences are this: the first difference is they have a command and control regime, just like in health care, just like in cap and trade. They would make decisions for the American people and for businesses that those people make for themselves. The government would manage what traditionally in this country the family, or the business, or the individual would manage.

The second big difference: they would continue to manage the permanent bailout authority long after the American people have rejected bailouts. They're arguing among themselves as Mr. Pence said. Do we have a before-the-fact bailout fund or an after-the-fact bailout fund, or no bailout fund at all? But the one thing they do, they give the FDIC a trillion dollar authority to bailout creditors and counterparties just like they did in AIG.

The third difference, a very important difference that even Democratic economists across the nation said you have to have in the bill, you have to reform Fannie and Freddie. You have to have a resolution of that. If you don't, you'll have another \$127 billion or \$300 billion bailout of them. They have an unlimited line of credit drawn on the American people. Thank you.

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Rep. Shelley Moore Capito

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To end the perpetual bailout and ‘too big to fail’ part of this regulatory reform bill, we as Republicans had very substantial ideas about an enhanced bankruptcy. Let’s separate the taxpayer from the institutions that have engaged in risky behavior, that are putting people’s retirement plans across this country at risk. And let’s put them, if they are beginning to fail or if they are failing, they should go into bankruptcy like every other institution in this country, or every other corporation who has serious financial problems. We had an enhanced bankruptcy, we think it makes sense, not only from a government standpoint, but on main street. It makes good sense because it creates that separation between the taxpayer. It ends too big to fail. It ends the bailout mentality that the Democrats are perpetuating in this bill.

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Republican Leader John Boehner

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The American people continue to ask the question, ‘where are the jobs?’ All they see out of Washington is this job-killing agenda by the Democrats here that is only making matters worse for American families and small businesses – and this bailout bill is no exception. It will bail out Wall Street at the expense of small banks and small businesses all over the country. The President says that he wants to clean up Wall Street, but when you look at this bill, what he actually does is protect them from ever having a financial problem. Because there is, in fact, a permanent bailout fund here.

Even if they take the \$50 billion fund out of the Senate bill, when you look at the authority given to the FDIC and the Treasury, they've got the ability to go in and bailout anybody they deem in need of it, or anyone who's systemically at risk.

But this idea of institutionalizing 'too big to fail' will in fact hurt all kinds of businesses around the country. Because as an investor, if you look at one of these big firms that can't possibly go out of business because they are 'too big to fail,' why not invest there? It's going to be the safest investment in the world and it's going to have an implicit government guarantee, just like Fannie and Freddie again. This is a bad bill and Republicans are going to stand with the American people, who are standing on their tip-toes yelling, 'stop!'

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