

WASHINGTON (April 22) – Congressman Spencer Bachus (AL-6) today released the following statement on President Obama’s remarks on financial regulatory reform in New York.

Bachus is Ranking Member on the House Financial Services Committee.

“If President Obama is serious about creating a solid foundation for our economy, he should start by reining in his out of control spending and letting the free market he so strongly claims to believe in actually work.”

“The Democrats entire plan is based on a false premise that they end the bailouts. No matter how often they say it, that statement is simply not true. The president claimed in his speech to end the bailouts and then went on to outline the FDIC’s trillion dollar bailout authority. There is nothing in their plan that would prevent another AIG-style bailout on the taxpayer dime.”

“When creditors know a private company can borrow with a taxpayer-funded guarantee it creates a perverse effect on the market and promotes the flawed ‘too big to fail’ doctrine that is at the heart of the argument for ending the bailouts.”

“President Obama says he believes in the power of free markets, but his policies prove otherwise. Under the Democrat plan, certain financial institutions have no freedom to fail, and are instead propped up by taxpayer bailouts and government loan guarantees.

“Wall Street has not suffered the consequences of their actions because of the bailouts, and the Democrats will indemnify them in the future from ever facing the consequences of their risk taking. Just the same, the Democrats reward regulators that failed to do their job with new powers, even though they could not enforce the rules leading up to the crisis.”

“Just as disturbing, the President’s speech was nearly 3,000 words, and not a single one of them address the primary catalyst of the financial crisis, and that’s the mortgage market meltdown. □ The federal government controls more than 90% of all mortgages in this country, and Fannie & Freddie have received \$127 billion in taxpayer funds – the biggest bailout of all – and are likely to end up costing taxpayers three times that amount when all is said and done. □ Housing finance must be returned back to the private sector where it belongs, but the Democrats have failed at every turn in providing a plan for reform that would protect taxpayers.□ □

“In July 2009, House Republicans were the first to introduce comprehensive financial reform legislation that puts an end to bailouts, creates a private housing market free of taxpayer subsidies, and takes the government out of the role of picking economic winners and losers. □ It’s obvious to me the president still hasn’t caught up.”