

Statement of Ranking Member Spencer Bachus, Full Committee Markup of the FY 2009 Budget Views and Estimates

February 28, 2008

Thank you, Mr. Chairman, for convening this markup of our Committee's views on the President's Fiscal Year 2009 budget. Your willingness to incorporate several suggestions from Republicans is very much appreciated. There are a number of specific areas where we differ, particularly on housing and securities issues, and Republicans will be submitting additional views spelling out some of those differences. My brief comments this morning will touch on concerns that many of us on this side of the aisle have regarding a potentially significant departure from principles of fiscal responsibility suggested by the views and estimates.

The most controversial aspect of the document that we are considering today is the inclusion of a series of far-reaching -- and potentially very costly -- initiatives to address the problems associated with rising mortgage foreclosures. Among other things, the Committee's budget views and estimates contemplate the expenditure of \$15 billion over five years to finance the government's purchase of distressed mortgages for refinancing through the FHA, and an additional \$20 billion to purchase foreclosed or abandoned properties at or below market value.

As Chairman Bernanke testified yesterday -- and as the steady drumbeat of negative government data demonstrates -- the problems in the housing sector are serious, and they will take time to resolve themselves. Falling home prices and a growing inventory of unsold properties have undermined consumer confidence, and a rising number of foreclosures have shaken investor confidence in the secondary market. These adverse market conditions require this Committee to be open to creative solutions and to give careful consideration to steps that might assist those who are struggling to make their mortgage payments and avoid foreclosure.

But as I have stated previously, we must also avoid the kind of legislative overreaction that creates the wrong incentives and lays the groundwork for future housing bubbles. In evaluating any possible government intervention in the mortgage market - particularly one that could involve upwards of \$35 billion in new Federal spending - this Committee must assess who pays and who benefits. We must ensure that any government program of this magnitude:

- is fair;
- does not distort the market by perpetuating the same incentives that led to the current crisis;
- does not shift the costs from lenders, investors, speculators, and borrowers who made unwise decisions and choices to the vast majority of American taxpayers who acted responsibly; and
- does not saddle Federal taxpayers with significant new liabilities.

Thank you again, Mr. Chairman, for convening this mark-up, and for your incorporation of Republican input in the views and estimates that we will be submitting to the Budget Committee. I yield back the balance of my time.