
WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 3.27.2009

March 27, 2009

Messaging Resources/Polling Update

- Taxpayers Must Be Protected. Any new regulatory initiatives must ensure that tax dollars are not used to continue the cycle of bailouts. The most important question regarding the Administration's plan is who pays for the orderly unwinding of the affairs of large complex non-bank financial institutions. We should not be saddling future generations of Americans with perhaps hundreds of billions in losses for the mistakes of a few institutions. This generational theft is unacceptable, and must end.

Rep. Lynn Jenkins (KS) highlights to need to protect taxpayers in this YouTube commentary.

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We Need To Modernize Our Outdated Regulatory Structure. One of the most important tasks of this Congress will be to modernize our 1930's regulatory structure to meet today's 21st century financial markets. However, there is a need for smarter regulation, not necessary more regulation.

Rep. Ed Royce (CA) outlines these principles during this Bloomberg television appearance. "We need smart regulation."

- The Doctrine of 'Too Big to Fail' Should Not Be Accepted Practice. AIG is the ultimate example of why the 'too-big-to-fail' doctrine itself is a complete and costly failure. It appears the Administration's plan formalizes the practice of privatizing profits and socializing losses. This is squarely rejected by the American people, who want and deserve an exit strategy from the bailout business, not a permanent bailout agency.

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Government Should Not be Picking Winners and Losers. Identifying certain firms as 'systemically significant' means the government is designating some companies as more important than others. This could confer significant competitive advantages on financial institutions that are perceived by the marketplace as enjoying an implicit guarantee of government support, undermining market discipline and promoting moral hazard in the process. This is fundamentally unfair, and serves only to further institutionalize the discredited 'too big to fail' doctrine.

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We Must Do It Right - Not Fast. We must engage in comprehensive due diligence, open debate and discussion of all alternatives and views before overhauling our regulatory structure. We must avoid the kind of rush to judgment and

disregard for regular order that has characterized recent congressional efforts to 'rescue' the financial system.

Rasmussen: "Forty-five percent (45%) of American adults say it's time to stop all bailout funding for the financial industry." (3/23/09)

Weekend Must-Reads

Wall Street Journal: "In the Geithner Plan, the Devil Is Lurking in the Details ... Treasury Secretary Timothy Geithner's plan to address "systemic risks" in financial markets offers several solutions, and each raises questions."

Wall Street Journal: "What's Left of TARP? Treasury Stays Mum ... The Treasury has tried to revamp its \$700 billion financial-rescue program, promising "a new era of accountability, transparency and conditions." But the Treasury isn't answering a key question: How much is left in the rescue fund?"

Wall Street Journal, Op-Ed: "Geithner Is Overreaching on Regulatory Power ... One of the main proposals in the regulatory reforms outlined by Treasury Secretary Timothy Geithner yesterday would give the Treasury, FDIC and the Fed authority to take control when investment banks or other financial institutions (hedge funds, etc.) appear troubled, just as the FDIC presently does with deposit-taking banks. The proposal is being offered as a clever political solution to the turf war that might have erupted if the Treasury or FDIC alone were given this quasi-nationalization authority, with no input from the Fed. But the real issue is whether this expansion of regulators' powers is wise. It isn't."

Investor Business Daily, Editorial: "Control Freaks ... Treasury Secretary Tim Geithner's proposed sweeping reform of our nation's financial system puts the nation's banks, insurers and hedge funds under direct government control - where they least need to be."

ON THE HORIZON

Saturday, March 28: The Housing and Community Opportunity Subcommittee will hold a field hearing on the housing crisis in Los Angeles and responses to preventing foreclosures and foreclosure rescue fraud.

Wednesday, April 1: The Financial Institutions and Consumer Credit Subcommittee will mark up credit card legislation at 2:30pm in 2128 Rayburn.

Thursday, April 2: The Financial Institutions and Consumer Credit Subcommittee will hold a hearing on HR 1214, a bill that would revise payday lending laws at 2:30pm in 2182 Rayburn.

*** The House may consider the Grayson-Himes bonus legislation next week. ***

Committee Republicans In The News

Rep. Shelley Moore Capito appeared on Fox Business.

Rep. Erik Paulsen issued this statement: House Passes Bill Co-Sponsored by Paulsen to Increase Oversight of Taxpayer Dollars; view his floor debate in this YouTube clip.

Rep. Kevin McCarthy appeared on MSNBC and Fox News; and issued this statement: Congressman McCarthy and Colleagues Unveil Responsible Homeowners Act.

Rep. Jeb Hensarling penned this op-ed in the USA Today: Stop using taxpayers' money; and issued this statement: Opening Statement of Congressman Hensarling at AIG Hearing; and appeared on CNBC's Power Lunch.

Rep. Thaddues McCotter appeared on Fox News, MSNBC, CNN, and Bloomberg; and gave this YouTube commentary.

Rep. Scott Garrett released this statement: Garrett Opening Statement for AIG Financial Services Committee Hearing; and appeared in the National Review's The Corner blog.

Rep. Michele Bachmann made appearances on Fox Business; and issued these statements: Stop Punishing Responsible Borrowers; Bachmann Demands Truth: Will Obama Administration Abandon Dollar for a Multi-National Currency?.

Rep. John Campbell issued this statement: The Obama Budget is Drunk on Spending & Deficits and gave this YouTube commentary.

Rep. Don Manzullo appeared in the Washington Post: Rep. Manzullo to Geithner: Your Plan Is 'Radical'.

Rep. Tom Price issued these statements: Geithner Plan a Bad Deal for Taxpayers; How to Avoid Executive Bonus Controversy: Get Government Out of the Bailout Business.

Rep. Walter Jones gave this YouTube commentary.

Rep. Frank Lucas issued these statements: A Broader Economic Perspective of Accounting Practices; Lucas Questions Treasury Secretary, Fed Chairman on Cost of Toxic Asset Plan; and penned this op-ed in The Hill.

Rep. Spencer Bachus penned this op-ed in the USA Today: 'Examine other alternatives', appeared on CNBC, and

issued these statements: Bachus on Public Private Partnership: 'America is not about punishing the wise and rewarding the foolish'; and Bachus Statement on Financial Services' Unanimous Support to Investigate Treasury's AIG Bonus Role.

CARTOON OF THE WEEK

(Washington Post's Lisa Benson, 3/26/09)