

Ranking Member Bachus Opening Statement During Systemic Risk Regulator Hearing

March 17, 2009

"Done the right way, a systemic risk entity can be a positive step. However, done the wrong way it can be a very bad idea.

"Let me be very clear, it is time that we extracted ourselves from the cycle of multi-billion dollar tax-payer funded bailouts. Before we agree on the creation of a systemic risk regulator or observer, we need to agree on one important pre-condition. This so-called systemic risk regulator should not have the power to commit or obligate billions or hundreds of billions of tax-payer dollars to bailing out the so-called 'too-big-to-fail' institutions. If it does, I cannot support it.

"In the event of a failure of these so called 'too-big-to-fail' institutions, I believe that this newly created entity's role should be advancing an orderly resolution.

"If we have learned one lesson in the last year, it is this: when the government tries to manage and run these large corporations, no one wins. Government ownership and management of the private sector did not work in Russia, it did not work in China, it's not working in Cuba or North Korea, and it is clearly not working here."

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