
WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 5.22.2009

MESSAGING RESOURCES/POLLING UPDATE

FINANCIAL REGULATORY REFORM

We Must Modernize Our Outdated Regulatory Structure, Ensure Taxpayer Protections. 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. 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. Bill Posey outlined these principles in this YouTube commentary.

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 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.

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.

- Ranking Member Bachus echoed these principles in this YouTube commentary.

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.

Former Federal Reserve Chairman, and current Obama economic adviser, Paul Volcker has emphasized caution: "My personal feeling is 'not too fast'". (Reuters, Don't rush on US systemic risk regulator-Volcker, 3/24/09)

Rasmussen: "Just 24% Favor Federal Bailout for California ... Twenty-four percent (24%) of voters nationwide favor federal bailout funds for states like California that are encountering "serious financial problems." The latest Rasmussen

Reports national telephone survey found that 59% are opposed to such bailouts."

WEEKEND MUST-READS

Washington Post: "Geithner Skeptical of Calif. Bailout ... California, the country's most populous and cash-strapped state, is looking for a lifeline. But after bailing out banks, insurers and automakers, will the federal government provide it?"

Washington Post: "Brought In to Lead AIG in Upheaval, Liddy to Resign ... American International Group yesterday announced that Edward M. Liddy is stepping down as chairman and chief executive of the troubled insurance giant, but he plans to remain until the company's board of directors names his replacement."

New York Times: "U.S. Considers New Financial Consumer Agency ... The Obama administration is considering a new agency to better protect consumers from practices like those that led to the current financial crisis, the Treasury secretary, Timothy F. Geithner, said on Thursday."

COMMITTEE REPUBLICANS IN THE NEWS

Rep. Chris Lee was featured on the front page of the Buffalo News: Lee finds pragmatism preferable to ideology; and issued this statement: Lee Applauds Passage of Credit Cardholders' Bill of Rights.

Rep. Tom Price appeared on MSNBC's Morning Joe, and issued these statements: Who Are You Penalizing Today?, Stimulated Again: Unemployment Claims Reach New Record High.

Rep. Michele Bachmann appeared on CNN's Lou Dobbs aside Chairman Frank to discuss ACORN; and issued this statement: Bachmann: Congress Fails to Learn Lessons from Bailout Mania.

Rep. Kevin McCarthy appeared on Fox News.

Rep. Ed Royce appeared in the Financial Times: Insurers require national oversight and supervision.

Rep. Spencer Bachus issued these statements: Bachus Statement During Credit Rating Agency Hearing; and Bachus Statement During Municipal Bond Hearing.

CARTOON OF THE WEEK

(Pittsburgh Tribune-Review's Randy Bish, 5/10/09)