WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 7.17.2009

MESSAGING RESOURCES/POLLING UPDATE

Regulatory Reform

Democrats Want To Return To An Era Of Wage And Price Controls. Whether it is financial services, health care, energy, or executive compensation, the key themes are a rationing of resources, limiting choice and having the government-rather than the market-set prices and wages. For example, the proposed Consumer Financial Protection Agency (CFPA) would eliminate individual choice by having Washington bureaucrats decide what financial products are "suitable" for all Americans.

Spending More Taxpayer Money And Creating Bigger Government Is Not The Answer. The creation of a CFPA will result in financial institutions passing on the costs associated with this Democrat proposal to consumers, including assessments to fund the new government agency, higher compliance fees, and litigation costs. The Republican plan addresses consumer protection by providing consumers with better tools to make sound financial decisions, and by better enforcement of consumer protection statutes, rather than through the establishment of a sprawling new bureaucracy and the imposition of new costs on consumers.

The Democrats' "Say On Pay" Legislation Will Undermine Ability of American Companies To Compete In The Global Market. In legislating one-size-fits-all standards for all public companies, and institutionalizing government wage controls, the Democrats' executive compensation legislation will discourage many privately held companies from going public, thus limiting their access to the capital markets. For others, it will encourage them to list overseas.

Polling Update:

Rasmussen: "53% of Consumers Say U.S. Economic Conditions Are Getting Worse...Nationally, 22% say economic conditions in the U.S. are getting better, but most (53%) say they are getting worse."

Rasmussen: "80% Say Wall Street, Not Taxpayers, Benefited More From Bailout... Only eight percent (8%) of adults say the taxpayer benefited more, according to a new Rasmussen Reports national telephone survey. Twelve percent (12%) are not sure."

ON THE HORIZON

Monday, July 20: The Housing Subcommittee will convene a field hearing entitled "Legislative Proposals to Increase Work and Health Care Opportunities for Public and Subsidized Housing Residents" at 9 am in City Council Chamber, New York City Hall.

Tuesday, July 21: The Full Committee will meet for a hearing to receive the Federal Reserve's semi-annual monetary policy report at 10 am in room 2128 Rayburn. At 2 pm, the Full Committee will convene a hearing on systemic risk and "too big to fail" in room 2128 Rayburn.

Wednesday, July 22: The Full Committee will convene a hearing on the Administration's regulatory reform proposal with representatives from the SEC and CFTC at 10 am in room 2128 Rayburn. At 2 pm, the Oversight and Investigations Subcommittee will conduct oversight of TARP in room 2128 Rayburn.

Thursday, July 23: The Full Committee is tentatively scheduled to markup executive compensation legislation at 10 am in room 2128 Rayburn.

Friday, July 24: The Full Committee will convene a hearing on the Administration's regulatory reform proposal with Treasury Secretary Tim Geithner and banking regulators at 10:30 am in room 2128 Rayburn.

WEEKEND MUST-READS

Wall Street Journal, Opinion: "Don't Shoot the Speculators ... Speculators don't get much respect. Short sellers last year were blamed for their trades warning about the credit crisis, and commodities traders are now accused of causing higher oil prices. Even when traders are later proven right -- maybe especially when they're proven right -- we blame them for delivering the bad news."

Los Angeles Times: "Many underwater homeowners are deliberately walking away from mortgages ... A study finds that 26% of the defaults across the country are calculated economic decisions to bail out of loans by borrowers who could afford to make the monthly payments."

Washington Post: "As Large Banks Falter, Smaller Ones Move In ... As large banks continue to nurse their wounds -- many self-inflicted -- some of the Washington area's less exposed community bankers are using the financial chaos to draw in new business, even by pursuing new branch locations in the midst of the recession."

Reuters: "U.S. mulling mortgage aid for unemployed ... President Barack Obama is mulling new ways to delay foreclosure for jobless homeowners who are unable to keep up with monthly payments, an administration official said on Monday."

Reuters: "US SEC creates credit rater inspection squad ... Credit rating agencies, such as Standard & Poor's and Moody's (MCO.N), are now being targeted by a squad of examiners set up by the Securities and Exchange Commission and are subject to 'special' examinations."

Wall Street Journal, Editorial: "A Tale of Two Bailouts ... Yesterday saw one TARP recipient, Goldman Sachs, report $3.44 billion in profits even as another, CIT, teeters on the edge of either bankruptcy or another taxpayer bailout. Which way CIT will tip remained unclear as we went to press, but its very plight shows how the government's approach to systemic risk has created groups of financial "haves" and "have nots."

Wall Street Journal, Kessler: "The Bernanke Market ... Just about every policy move to right the U.S. economy after the subprime sinking of the banking system has been a bust. We saved Bear Stearns. We let Lehman Brothers go. We forced Merrill Lynch, Wachovia and Washington Mutual into the hands of others. We took control of Fannie and Freddie and AIG and even own a few car companies, pumping them with high-test transfusions. None of this really helped."

Los Angeles Times: "U.S. toxic asset plan draws criticism ... The Obama administration is moving forward with its financing program to take the complex securities off banks' balance sheets, but critics say there is no need for it now."

Politico: "Where's the outrage over AIG bonuses? ... when the news broke late last week about a second, $235 million round of AIG bonuses, the halls of Congress resounded largely with, well, silence."

Wall Street Journal, Editorial: "Signs of Capitalist Life ... That lethargic patient known as the American capital market showed signs of life this week. Washington's decision to put away the defibrillator paddles and let nature take its course at CIT Group means that, finally, Beltway physicians have done no more harm. More good news came from Credit Suisse, which sold mortgage-backed securities with no government guarantees and no opinions from the credit-ratings agencies.

COMMITTEE REPUBLICANS IN THE NEWS

Rep. Ron Paul penned this blog: Fed Independence or Fed Secrecy?

Rep. Jeb Hensarling gave this interview on the Republican regulatory reform plan.

Rep. Ed Royce gave this interview on the Republican regulatory reform plan.

Rep. Scott Garrett issued this press release: Garrett Opening Statement for Financial Services Hearing

Rep. Randy Neugebauer gave this interview on the Republican regulatory reform plan.

Rep. Michele Bachmann penned this op-ed: Block funds to groups under indictment

Rep. Kevin McCarthy issued this press release: McCarthy Offers Amendment to Limit TARP Bailout Funds

Rep. Spencer Bachus issued these press releases: Bachus Statement On SAFE Act Progress; Bachus Statement During SEC Oversight Hearing. He discussed the Republican regulatory reform plan in this interview. He also discussed regulatory reform in this interview.

CARTOON OF THE WEEK

(Washington Post, 7/16/2009)