Bachus Opening Statement on House-Senate Financial Regulatory Reform Conference

May 10, 2010

WASHINGTON - Financial Services Committee Ranking Member Spencer Bachus today delivered the following opening statement as the conferees met to begin deliberations on the House and Senate Democrats' financial regulatory reform bills.

"The legislation we are considering is not based on the tradition of opportunity, innovation, competition, and personal responsibility that made this the strongest and most resilient economy in the world.

"The president tells us that ‘government cannot and should not replace businesses as the true engine of growth and job creation.' However, the policies of the administration all elevate the role of government and diminish the right of individuals and companies to make choices for themselves and having made those decisions, assume responsibility for those choices and succeed or fail as a result. If you take away the opportunity to fail, you take away the opportunity to excel.

"And, just as in the past, this is all done cloaked in the language of "protecting" us by empowering the government to decide many of the basic aspects of our lives. The American people need to know that the very Wall Street you claim to be reforming actually supports the critical parts of the Democrats' bill. It's Wall Street, not House Republicans, who support the Democrats' permanent bailout authority, guaranteeing mega-banks will only get stronger and more powerful with the bailout authority this legislation institutionalizes.

"There will be two great costs of this legislation. One will be the pocketbook cost to every American taxpayer. Section 210 alone could cost the American taxpayer untold trillions of dollars. It allows a government agency to borrow 90 percent of the fair value of a failed firm's consolidated assets. For the six largest financial institutions, this amounts to more than eight trillion dollars. Similar to the House bill, the Senate bill permits the FDIC to lend to a failing firm; purchase the assets of a failing firm; guarantee the obligations of a failing firm; take a security interest in the assets of a failing firm; and/or sell or transfer assets that the FDIC has acquired from the failing firm.

"Unlike the House bill, the Senate bill does not have a pre-capitalized bailout fund to pay for resolutions. Instead, the FDIC is authorized to borrow up to 10% of the book value of the failed firms total consolidated assets in the thirty days immediately following its appointment as receiver; after those 30 days, the FDIC is authorized to borrow up to 90% of the fair value of the failed firms total consolidated assets.

"It is difficult to imagine a greater cost than this. Nonetheless, there is one: the cost of freedom.

"Mr. Chairman, Republicans oppose these bills because we want to stand up for Main Street and the American values that have made this country a pillar of economic strength.

"No one, or at least no one in the mainstream, argues that there is no role for the government to use legislative authority to protect individuals. Consumer protection is important. The question is: how and to what extent should that legislative power be exercised? We believe the thrust of regulatory legislation should be to empower the individual by enhancing transparency and disclosure.

"The solutions we proposed were designed and intended to allow individuals to make decisions based on access to better information - not to substitute the ruling of unelected bureaucrats for the private individual's own judgment of what is best.

"Letting individuals make informed decisions is simply not the policy of this administration or the Democrats in Congress. In one legislative scheme after another, decisions by the government are being substituted for what should be decisions by individuals.

"The American people have a choice to make. Will we continue to be a nation organized around the principles of free enterprise: limited government, a reliance on entrepreneurship, and rewards determined by success and failure in the market?

"Or will we follow the Democrats' approach and move even further toward a managed economy, expanding government bureaucracies, and perpetual subsidies to the Majority's political allies at the expense of the taxpayer.

"We remain the largest and strongest economy in the world. Our economy is more than twice as large as the next largest and greater than the next four combined. Our strength is our people not our government.

"It is my strong belief that a vast majority of Americans want the future where they can use their own efforts to create a better life for themselves and their families. That is when we are at our best, when we the people, not our government, are ultimately in charge.

"Regardless of the outcome of this conference, that is the future we will work to achieve."

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