

Congressman Paul Questions Former Fed Chairman Volcker

For Immediate Release

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Washington , DC - This morning at a Joint Economics Committee Hearing Congressman Ron Paul had the opportunity to question former Federal Reserve Chairman Paul Volcker on the economy and the credit crisis.

The hearing was entitled "Wall Street to Main Street: Is the Credit Crisis Over and What Can the Federal Government Do to Prevent Unnecessary Systemic Risk in the Future?"

Volcker mentioned in his opening remarks that the United States suffers from overconsumption, and that we cannot sustain the current build up of debt. He postulated that consumers could be realizing that fact and shifting spending habits accordingly.

Congressman Paul decried the ability of the Federal Reserve to now buy virtually anything as an asset to hold as collateral. In addition to mortgage-backed securities, they can also buy credit card securities, student loan securities, and car loan securities.

Congressman Paul pointed out that the roots of the current crisis are a misunderstanding of capital and debt, over-regulation rather than under-regulation, and the Federal Reserve's distortion of the marketplace with artificially low interest rates and promises of bailouts which encourage malinvestment and irresponsible behavior among banks.