

Bachus Floor Remarks During Employee Compensation Debate

April 1, 2009

Every day brings news of another large government program, intervention, mandate or tax.

This bill claims to be about executive compensation. What it's really about is another step in an overall effort underway this year to expand the size, involvement and control of the federal government into not just the private sector but into all aspects of our lives.

Sometimes the expansion is subtle, as in the case of this bill. Sometimes it's more direct, like the budget we will vote on this week.

We are witnessing a relentless expansion of the federal government and I, for one, am worried. So are the American people. As a Member, I took an oath to uphold the principles of the U.S. Constitution which intentionally and specifically limited the power of the central government. Would our Founding Fathers ever have considered giving the government a say on pay? In reading both the Constitution and the Federalist Papers, it clearly appears to indicate they would not. I think most Americans believe our Founding Fathers had it right.

The budget spends too much, taxes too much and borrows too much. It expands government control on a scale that we have never seen before, not even during the New Deal.

The scope is breath-taking. If you had told me a month ago that Congress wanted to increase the tax burden on charitable contributions, I'd have called it an April Fool's joke. But the fact is that if donations to charities go down, the government will say it has to step in. The difference is the government will choose what it wants to support, groups like ACORN, instead of allowing people to support their own causes. Unfortunately, this is no April Fool's Day joke, but rather the Democratic Majority's vision for America.

This week, we saw the government mandate a change in the management at General Motors. Regardless of what you think about the performance of the CEO, and I for one do not defend his stewardship, do we want the federal government making such far reaching decisions on hiring and firing, and setting salaries and job descriptions for everyone from the manager to the receptionist?

This is all about government command-and-control, running an economy not according to free enterprise principles but to advance social goals.

Does anyone really believe a government that is about to add another \$10 trillion in debt has any expertise in telling the private sector how to turn a profit?

During the campaign, President Obama said, "So if somebody wants to build a coal-powered plant, they can. It's just that it will bankrupt them because they're going to be charged a huge sum for all the greenhouse gas that's being emitted."

We hear the government will require the automakers to produce green cars. No one argues with the idea of cleaner-

burning cars, but maybe someone should ask consumers whether they can afford to spend several thousand dollars more to buy them or whether such a policy will end the need for taxpayer support.

This is the problem with government getting involved in the management of business. Decisions will be based on government's political agenda, not sound economics.

There are no limits to how far this might go.

Will the government start telling companies, we'd like to review your advertising to see if you're sending the right message or spending too much. Will the government tell drug companies who market similar products, "we think there is too much competition; maybe you should combine products or merge to make prices cheaper." Some believe less competition leads to lower prices; I don't think that's the case at all.

The legislation we are considering today gives the Treasury Secretary and a board headed by a Harvard professor wide discretion to formulate "performance-based" compensation standards for hundreds of banks across America. There is nothing in the legislation to prevent the Secretary from deciding that one measure of "performance" is whether loan officers are approving loans to favored political constituencies that the administration believes are entitled to credit - precisely the kind of government allocation of credit that helped lead to the housing bubble and to the collapse of Fannie Mae and Freddie Mac at a cost of tens, if not hundreds, of billions of dollars to taxpayers.

There is no question that there have been bad decisions made by some of our major corporations and it has caused a great deal of hurt and distress. We are working on modernizing our 1930s regulatory structure to meet the needs of the financial markets of the 21st Century. This must be done in a thoughtful, deliberative way.

But the answer is not a dramatic expansion of government control. That has not worked in any country, not in Russia, China, North Korea or Cuba.

The American economy has always attracted entrepreneurs and business investment because it has been free of the "political risk" present in developing and socialist countries. We have enjoyed a premium because of the belief that our government does not take arbitrary or punitive actions to negatively affect business operations, break contracts, or confiscate property.

I fear that legislation like this bill, and the overall thrust of what we are hearing from the Administration, is tilting that delicate balance. The implications for our competitiveness, our economy, and the prosperity of our citizens are disturbing.

In the end, America has succeeded by putting its faith not in government, but in the people. And I, for one, will always trust the people.

The solution is not this bill. What we need is a strategy to get government out of business not further intrusion into what should be private economic decisions.

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