

Thursday, February 17, 2011

CFPB cuts in the continuing resolution

This is not about whether government should be big or small. It's about which side government should be on.

The CR, the continuing resolution, does not save a penny from the deficit because the money for the CFPB , the Consumer Financial Protection Bureau, comes from a separate source of funding. This is really about hobbling the Consumer Financial Protection Bureau to keep it from getting up and running and doing its job.

The CFPB is to put government on the side of Americans who are trying to make an honest living so they don't have to worry every time they sign a financial contract that they're going to get gouged, they're going to get cheated out of their income and their life savings by some trick or trap, some dishonest little clause hidden in the fine print of the legalese written by the banks' lawyers.

The CFPB will set rules to make sure those contracts are honest, and it will enforce those rules. And it has not started yet, so it's a little early to criticize them for not getting the job done.

The CR, by cutting funding by half, or a little more than half, is really about putting government or continuing to have government, as it has been for most of the last decade, on the side of the financial predators who are not trying to make an honest living but who are trying to make a killing and succeeding in making a killing by cheating ordinary Americans with the fine print. And they cheated them on mortgages, on credit cards, on overdraft fees, and on and on, and every American knows it because just about every American has experienced it.

Now, in talking about the FCC earlier, Ms. Waters and Mr. Green both used the term "cop on Wall Street." They didn't attribute that phrase, but it's from Will Rogers.

Back in the Great Depression, even after we learned of all the corruption and the fraud that had led to the collapse, the stock market crash, when Congress was considering legislation, a bill, a law that would have set rules for Wall Street and given the Securities and Exchange Commission the power to enforce it, the securities industry fought it fiercely because, as Will Rogers said, the boys on Wall Street don't want a cop on their block. Of course they don't want a cop on their block. They will make less money. They don't want a cop on their block now either. They don't want a CFPB now either, because if their contracts have to be honest, they will make less money.

Vote to put government on the side of the Americans trying to make an honest living. Vote to put a cop on the Wall Street block. Vote for this amendment.

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Mr. MILLER of North Carolina: Madam Chairman, I have heard Mr. Price's arguments before. So I've talked to a lot of people about whether they really valued the freedom to be cheated on credit cards, to be cheated on mortgages, to be cheated on overdraft fees, and I found that that was not really a freedom that they valued; and, in fact, they didn't really believe that was the reason the financial industry was opposing consumer protection legislation. They thought that the reason the financial industry was opposing the legislation was so they could make more money and keep up by cheating people, which was not something they wanted any more than Americans a hundred years ago really valued the right to buy rancid beef, as the meatpackers argued a century ago. They were opposing pure food legislation so they could protect the right of people to buy rancid beef. Americans don't believe it.

I asked the president of the American Bankers Association in committee if he could give me the names of some of the people who qualified for prime mortgages but got a subprime mortgage, or someone who really wanted to have a credit card contract that required them to continue to pay interest on a balance even after they had paid off the balance. He said that was a rhetorical question and he didn't have to answer it; it was just a rhetorical question.

But I mean it. If somebody can tell me someone who qualified for a prime mortgage and instead asked for, wanted, chose a subprime mortgage, introduce them to me. If there's someone who actually wanted a credit card contract that required them to pay interest on the balance even after they paid off the balance, introduce them to me. I want to understand that consumer choice, because I have been assuming all along the reason they entered those contracts that were so hideous to them is they got cheated.