



## News From Congressman

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## **GOODLATTE STATEMENT FOLLOWING HOUSE VOTE ON FINANACIAL STABILIZATION PACKAGE**

“Today the U.S. House of Representatives considered legislation, the Financial Stabilization Package, aimed at stabilizing the growing financial crisis currently facing our country. Nothing is more important to me than ensuring the future growth of our economy and we can all agree that Congress has a responsibility to act to ensure that credit, the lifeline of our economy, remains available to individuals, families, students, and small businesses all across this country.

Inaction has never been an option. However, after much deliberation, I reached the conclusion that this legislation, which I voted against, is not the solution to our long term financial problems or our short term credit liquidity crisis. While improvements have been made to the legislation, at its core it is the same as the revised Paulson plan which the House defeated earlier this week.

The Financial Stabilization Package represents the largest corporate bailout in American history by taking 700 billion dollars of taxpayers' hard-earned money and handing it over to the very companies that made the bad decisions which led us into this mess in the first place. We literally reward those financial institutions who engaged in risky behavior to the tune of up to \$8,000 for every family of four in the U.S. Since the federal government has to get this money from somewhere, it will borrow it, increasing the national debt. Not only will the government be paying \$700 billion to bailout these reckless Wall Street companies, but also the billions of dollars in interest to pay off the debt. The bill requires the federal government to evaluate and purchase hundreds of billions of dollars of complex securities. Then the government will have to manage and ultimately sell these assets in an effort to recoup the taxpayers' money. This is a responsibility for which it has no expertise and is a major intrusion in the financial markets with untold unintended consequences. This will directly affect every American by weakening the dollar and raising the cost of goods and services.

I believe there are other ways to turn this credit crisis around and stabilize our economy without penalizing taxpayers for the sins of those on Wall Street. The fundamental problem we face today is that no one knows how much the risky mortgage-backed securities are worth, and thus no private buyers are willing to purchase them. I am supportive of alternative initiatives to mandate that financial institutions purchase insurance from the federal government on these risky assets which places the burden on financial institutions to pay premiums for the insurance. The guarantee by the federal government would help unlock the liquidity of these assets by placing a minimum value on them. This would also limit the negative effects on taxpayers.

Other proposals worthy of consideration include funding assistance through a guaranteed bond program, which would be purchased by private investors, or a guarantee initiative similar to the net worth certificate program of the 1980s. These initiatives deserved scrutiny and consideration. Each of these would involve some financial participation by those who caused the problem. None were debated or voted on in this process.

I am pleased that after much urging from many Members of Congress, including myself, the mark-to-market accounting rules, which allows all financial institutions including local banks, to fairly value their assets and help to ease the credit crisis facing the country, were eased.

Our economy faces historic and unprecedented challenges. Most importantly Congress must not view the passage of the Financial Stabilization Package as the lone solution to the troubles in our national economy. It is critical that Congress continue to examine the root cause of this crisis, including fiscal irresponsibility and a lack of resolve to rebuild our domestic economy, including energy production.

I remain committed to working with Members of Congress on both sides of the aisle to ensure that businesses are held accountable for their actions, which should help restore long term confidence in our financial markets and set our economy back on the right track.”

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