

Congressman Ron Paul House Financial Services committee February 28, 2002 Statement on the Financial Services committee's "Views and Estimates for Fiscal Year 2003"

Supporters of limited, constitutional government and free markets will find little, if anything, to view favorably in the Financial Services committee's "Views and Estimates for Fiscal Year 2003." Almost every policy endorsed in this document is unconstitutional and a threat to the liberty and prosperity of the American people.

For example, this document gives an unqualified endorsement to increased taxpayer support for the Financial Crimes Enforcement Network (FINCEN). According to the committee, these increased funds are justified by FINCEN's new authority under the PATRIOT Act. However, Mr. Chairman, FINCEN's powers to snoop into the private financial affairs of American citizens raise serious constitutional issues. Whether the expansion of FINCEN's power threatens civil liberties is ignored in this document; instead, the report claims the only problem with the PATRIOT Act is that the federal financial police state does not have enough power and taxpayer money to invade the privacy of United States citizens!

The committee also expresses unqualified support for programs such as the Export-Import Bank (EX-IM) which use taxpayer dollars to subsidize large, multinational corporations. Ex-Im exists to subsidize large corporations that are quite capable of paying the costs of their own export programs! Ex-Im also provides taxpayer funding for export programs that would never obtain funding in the private market. As Austrian economists Ludwig Von Mises and F.A. Hayek demonstrated, one of the purposes of the market is to determine the highest value of resources. Thus, the failure of a project to receive funding through the free market means the resources that could have gone to that project have a higher-valued use. Government programs that take funds from the private sector and use them to fund projects that cannot get market funding reduce economic efficiency and lower living standards. Yet Ex-Im actually brags about its support for projects rejected by the market!

Finally, the committee's views support expanding the domestic welfare state, particularly in the area of housing. This despite the fact that federal housing subsidies distort the housing market by taking capital that could be better used elsewhere, and applying it to housing at the direction of politicians and bureaucrats. Housing subsidies also violate the constitutional prohibitions against redistributionism. The federal government has no constitutional authority to abuse its taxing power to fund programs that reshape the housing market to the liking of politicians and bureaucrats.

Rather than embracing an agenda of expanded statism, I hope my colleagues will work to reduce government interference in the market that only benefits the politically powerful. For example, the committee could take a major step toward ending corporate welfare by holding hearings and a mark-up on my legislation to withdrawal the United States from the Bretton Woods Agreement and end taxpayer support for the International Monetary Fund (IMF). The Financial Services committee can also take a step toward restoring Congress' constitutional role in monetary policy by acting on my Monetary Freedom and Accountability Act (HR 3732), which requires Congressional approval before the federal government buys or sells gold.

This committee should also examine seriously the need for reform of the system of fiat currency which is responsible for the cycle of booms and busts which have plagued the American economy. Many members of the committee have expressed outrage over the behavior of the corporate executives of Enron. However, Enron was created by federal policies of easy credit and corporate welfare. Until this committee addresses those issues, I am afraid the American economy may suffer many more Enron-like disasters in the future.

In conclusion, the "Views and Estimates" presented by the Financial Services committee endorses increasing the power of the federal police state, as well as increasing both international and corporate welfare, while ignoring the economic problems created by federal intervention into the economy. I therefore urge my colleagues to reject this document and instead embrace an agenda of ending federal corporate welfare, protecting financial privacy, and reforming the fiat money system which is the root cause of America's economic instability.