

Senior Financial Services Committee Members of Congress Headline Franklin Center Spring Policy Event

Reps. Gregory Meeks (D-NY) and Mike Castle (R-DE) Discuss Columbia Trade Agreement, Subprime Housing Crisis and Financial Services Regulation

WASHINGTON, DC (April 16, 2008) – Two senior lawmakers on the House Financial Services Committee joined the Franklin Center in the Rayburn House Office Building on Capitol Hill for a timely discussion this month, touching on everything from financial literacy to the pending status of a free trade agreement with Columbia. Participants got an insider's perspective from the Members and then engaged in a frank question and answer session on the prospect for legislative action in a host of areas. Former Representative William Clinger (R-PA), past Chairman of the Franklin Center and honoree of a scholarship program which bears his name, was also in attendance and engaged in the discussion.

The session opened with a status report on the United States-Columbia Trade Promotion Agreement (CTPA), which President Bush has asked the Congress to ratify. On April 10th, House Democrats voted to postpone consideration of the CTPA, prompting questions from both supporters and opponents whether the deal will survive at all. President Bush has requested that Congress reconsider the agreement.

Congressman Meeks, a self-described supporter, said it was his hope that the deal could be revived and still passed in this session of Congress, but that the procedural difficulties and heated controversy would make it difficult. "Nobody believes in Columbia more than I do," he said, and then went on to outline the progress Columbia President Uribe has made on the economy, crime, tourism and improving the quality of life in the country. Rep. Meeks conceded, however, that the substance of the CTPA was being overshadowed by the institutional differences between the White House and Congress. Despite the current standstill, he remained optimistic that an agreement could be reached at some point.

On a broader note, the Congressman said that the concerns of the American public on international issues were real and needed to be addressed: "Are we isolating ourselves when we should be doing the opposite?" he asked, citing the US electorate's concerns with immigration, trade, and agriculture. At a time when the world is requiring America to look through a "different prism," he said, "too often we're not."

The discussion then turned to the economy, the subprime crisis and credit crunch. One question on the minds of many lawmakers -- not to mention the American public-- is "where is the bottom?" Both Congressmen Meeks and Castle said the Federal Housing Administration (FHA) and Government Sponsored Enterprise (GSE) reforms could be accomplished this year. After that, they said, it was unclear what might pass in the current environment.

Congressman Castle cited issues like mortgage broker licensing, flood insurance, credit card trading practices, and increased financial literacy. Congressman Meeks discussed how foreclosure rates in his district were up 12-15%, and that in some communities, homes were simply being boarded up. Both Congressmen were interested in the views of the attendees about the proposals before the Committee, and were hopeful for a thoughtful examination of the costs and benefits of different approaches.

The housing crisis continues to dominate the attention of Congress, said Rep. Castle. Despite the efforts by many to assign blame to one institution or group of consumers, it was his general view that there was enough blame to go around. "Everyone was at fault," he said, which is why he felt it was important to have a comprehensive response plan.

In March, Treasury Secretary Hank Paulson announced the Bush Administration's proposal to overhaul the current regulatory regime for the US financial services industry. The proposal is one of a number of ideas Congress is considering, though nearly all interested parties – including the Members of Congress – agreed that comprehensive legislative action would not take place until 2009 at the earliest.