

**OPENING STATEMENT OF
RANKING DEMOCRATIC MEMBER PAUL E. KANJORSKI
SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE,
AND GOVERNMENT SPONSORED ENTERPRISES
HEARING ON THE TREASURY DEPARTMENT'S POLICIES REGARDING
THE HOUSING GOVERNMENT SPONSORED ENTERPRISES
TUESDAY, JULY 16, 2002**

Mr. Chairman, thank you for the opportunity to comment before we begin today's hearing to learn more about the Bush Administration's views and policies regarding the housing government-sponsored enterprises or GSEs.

As you know, Mr. Chairman, I am one of the few remaining Members of this Committee who participated in the entire congressional battle to resolve the savings and loan crisis. I am therefore acutely aware of the need to protect taxpayers from risk. It is in the public's interest that we ensure that the GSEs like Fannie Mae, Freddie Mac, and the Federal Home Loan Banks continue to operate safely and soundly. We can best achieve this goal by pursuing a three-pronged supervisory approach that includes regular congressional oversight of, continued effective government regulation over, and increased market discipline for the housing GSEs. We are, from my perspective, making continued progress in each of these areas.

In particular, I expect that we will spend considerable time today discussing the disclosure practices of the GSEs. Last week, Fannie Mae and Freddie Mac declared that they would voluntarily register their common stock with the Securities and Exchange Commission. As a result of this announcement, the two GSEs will file periodic financial disclosures with the Securities and Exchange Commission. Their decision is virtually irrevocable.

The two GSEs, as I understand, developed this new policy after consulting with officials at the Treasury Department, the Securities and Exchange Commission, and the Office of Federal Housing Enterprise Oversight. These disclosures will, in my view, help to reassure investors by providing them with accurate, timely, and useful information. These public filings should also help to strengthen the housing marketplace.

Throughout our lengthy deliberations over GSE policy during the last two-and-a-half years, I have consistently noted that we must move forward cautiously in this area so as to ensure that we maintain the delicate balance that has led to more than 67 percent of American families owning their homes. On at least one occasion, however, our Committee's actions discouraged investors and raised homeownership costs. As we proceed today, we must renew our efforts to ensure that we do not repeat that mistake. Moreover, the housing marketplace has remained the most vibrant sector of our nation's struggling economy during the last eighteen months. We must, therefore, move carefully, deliberately, and objectively in examining these issues.

In closing, Mr. Chairman, I continue to share your desire to conduct effective oversight over the housing GSEs and to ensure that we maintain an appropriate and sufficiently strong supervisory system for them. Accordingly, I look forward to hearing from our distinguished witness about the Bush Administration's views on these matters.
