

# Congressman Jeff Flake

## *News Release*

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## Congressman Flake Expresses Concern Over Bank Nationalization Plan

### *Plan Will Be Rife With Unintended Consequences*

**Mesa, Arizona** – Republican Congressman Jeff Flake, who represents Arizona’s Sixth District, today expressed several concerns as the Treasury Department begins to nationalize many of the country’s largest banks.

**“I recognize that, despite the concerns of many in Congress about inserting government more deeply into the private sector, a new plan to partially nationalize the country’s banks is moving ahead,”** said Flake. **“Particularly disconcerting are reports that this involvement is being forced on many banking institutions who are seeking no government assistance.”**

**“A concern shared by many in Congress is that the federal government will use its ownership of these financial institutions as a way to enact social policy. For example, will the government force its banks to freeze foreclosures even when such an action would clearly not be in the best interest of the banks’ success? Will these banks be required to make loans to those who are clearly not in a position to repay? Will we see the problems of home mortgage intervention in Fannie Mae and Freddie Mac now multiplied with business and consumer loans? And, having found a powerful instrument of social policy, will the government be tempted to continue its ownership in these banks even when this crisis is over?”**

**“Another worry is that the federal government will create an uneven playing field for private banks competing with banks owned in part by the government. Will government grants and contracts be awarded fairly when the government may have a direct financial stake in the outcome? Will Congress write legislation that favors government-owned banks over private institutions?”**

**“As the Treasury Department implements this plan, I hope they give consideration to these questions.”**

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