



McCain Calls for New Federal Agency

According to McCain, the new agency would work with regulators to find weak private sector firms and help those firms avoid bankruptcy.

"The underlying principle of the MFI or any approach considered by Congress should be to keep people in their homes and safeguard the life savings of all Americans by protecting our financial system and capital markets," McCain said according to CNN.

CNN also reported that during his speech, McCain blamed the financial crisis on "the corruption and manipulation of our home mortgage system" claiming the culprits were Fannie Mae, Freddie Mac, Congress, and especially Senator Obama.



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Freddie and Fannie, said McCain, "led our housing system down a path where quick profit was placed before sound finance." With regard to Congress and Senator Obama, he said, "The crisis on Wall Street started in the Washington culture of lobbying and influence peddling, and he [Obama] was square in the middle of it."

Lobbying and mismanagement may have played a supporting role in creating the crisis, but others attribute the nation's and the world's deepening financial woes to problems in the central banking system. In a statement, former presidential candidate Congressman Ron Paul [placed the blame](#) with the Federal Reserve.

"Our problems start with the Federal Reserve," Paul said. "The Federal Reserve is a monopoly and it controls interest rates artificially low, causing people to make mistakes. That's the basic source. But then on top of that in the housing market we had the Community Reinvestment Act which told investors that they had to loan to risky borrowers, and that was the complication."

The approach being taken to combat the worsening crisis, and the approach supported by both McCain and Obama, is to continue to have the Treasury Department and the Federal Reserve intervene within the market, apparently on the assumption that the market itself has failed. That may not be the right course of action, according to Paul.

Many people, the congressman from Texas said, "come along and say, 'See, this is a failure of capitalism.' This has nothing to do with capitalism. This is something that started off as interventionism and as being too involved in the economy for the benefit of special interests, but now it's being socialized out in the open."

Will government intervention in the market, something that has a long history of spectacular failures, succeed this time as McCain, Obama, and others seem to think? Congressman Paul seems skeptical.



Written by [Dennis Behreandt](#) on September 19, 2008

"This will come to an end," he said. "The end of this comes when people reject the dollar. And I think we're getting awfully close to this."

(AP Images)



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