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SOVEREIGN WEALTH FUNDS
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OF MICHIGAN
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Mr. Speaker, I would like today to discuss an issue that is on the horizon that could very well affect the economic freedom of Americans, especially their family's prosperity and happiness. It is an issue that I would also like to thank the chairman of the Financial Services Committee, Representative Frank, and the ranking member of the subcommittee, Representative Kanjorski, for bringing forward.

The issue I am talking about is the issue of sovereign wealth funds. Many people will question what is a sovereign wealth fund. The answer is very simple. A sovereign wealth fund is a fund that is controlled by a foreign government that then invests into the private market of the United States.

Many people, especially those within my own party, disturbingly think sovereign wealth funds are a wonderful way to inject capital into the United States. The reality is these are very dangerous instrumentalities of foreign nations and would allow for the potential interference of these foreign nations in our domestic affairs, and not only within our economic sphere.

One of the reasons I joined the Republican Party was because I oppose socialism, communism; and I wanted to advance the cause of liberty. A sovereign wealth fund denies all of those. Again, a sovereign wealth fund is controlled by a government. Those who recall economics can understand that when a government buys an asset from the private sector, when the government owns it, the product or service has been "nationalized." This is the root of socialism. Government buys something in the private sector, socialism gets bigger, free markets and free enterprise and free people get diminished. This is the root problem of a sovereign wealth fund. It will diminish the economic liberty of individuals in the face of governments that are trying to control free enterprise.

We should not have this occurring in the United States of America, the bastion of free enterprise conducted by free people.

The second problem I have with sovereign wealth funds grows from the first: a foreign country controls this fund. This is not protectionism of anything except Americans' liberty, prosperity, sovereignty, and security.

The Communist Chinese have one of the largest sovereign wealth funds in the world. As they continue to tell us, although few people seem to understand that they are serious, they remain communists. The communist sovereign wealth fund from China comes in and buys private assets in the United States. Those government assets are now socialized; and, again, your freedom, liberty, prosperity, and security are diminished and there is a huge problem with this in the hands of the Communist Chinese.

In addition, whereas in the free market private investment funds have to raise capital voluntarily from individuals and then make rational decisions based upon the profit motive, a sovereign government's wealth fund is allowed to take and spend and invest. They spend and invest that which they take from their people. They have no accountability to these citizens, and they can invest for a political motive.

These entities of sovereign wealth funds are antithetical to private sector free market investment. And, again, when they are forced to operate on a private sector profit motive, the sovereign wealth fund can operate on a political motive, which may or may not be in the long-term interests of the people of the United States.

So for two reasons I would like to go on record immediately in my opposition to sovereign wealth funds in any nation's hands being invested in the United States and socializing our private sector assets. And I would like to also especially emphasize my abject contempt for nations that are opposed to the United States' continued existence as a bastion of liberty being able to buy up influence within the United States based upon a solely political motive, and that political motive is not in the people's best interests.

So to my fellow Republicans I would ask them to remember why they are Republicans, to remember that we have the duty to advance the economic liberty of Americans and to protect and preserve their liberty and prosperity and security, and ask them to reassess these sovereign wealth funds. Because no matter how much money they inject into our economy to socialize private sector assets, the cost we are going to pay to the long-term vitality of our free people is too high a price to tender to the very enemies of our existence.