



Rep. Tom Emmer on joins Neil Cavuto

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NEIL CAVUTO:

I wonder if Tom Emmerby is that the Minnesota congressman is also the House Majority Whip sits on the House Committee on Financial Services, very important player in all of this. What do you make of that argument that the Treasury Secretary is espousing, we're hearing it from administration types, that taxpayers need not worry, not on their dime? It seems a little unrealistic.

REP. TOM EMMER:

Well, Neil, first off, thanks for having me. I think the thing that's missed by the Treasury Secretary, by Senator Brown from Ohio, is the fact that this whole thing is caused by the Biden administration's failed policies. They've been spending money so crazily over the last two years, they've driven double digit inflation, they've driven these rate hikes that we've seen at the Fed, because you have to raise interest rates to battle inflation. They waited too long, I would argue, at the Fed to start that.

NEIL CAVUTO:

But wouldn't we, Congressman, wouldn't we have had some of that inflation or a good deal of it, with or without what the administration was doing? The spending certainly didn't help Syria quite right. But we were going from parking the economy through COVID, coming out of COVID, obviously there's going to be a boom in activity. What do you think of that?

REP. TOM EMMER:

Yeah, there should, the pent up demand, the money in the economy, look, we went into COVID with the best economy in decades, low unemployment, we should have come out of it with that same kind of speed, maybe it would have taken a little bit. But their own economists, Neil, you know, Larry Summers told the President, don't spend this money with the American Rescue Plan, you'll light the fuse for the inflation that now we have experienced over the last two years, and that resulted in the rate hikes. And really, you heard SV, Silicon Valley Bank, was caught without the right risk analysis. They didn't hedge against potential rate hikes. And it's interesting, Neil, because people need to understand, and we need to find out why, the Federal Reserve has a regulator embedded in the bank. The bank didn't have a risk person for nine months before this thing went down. And more importantly, where was the Federal Reserve while all of this was happening? Why weren't they sounding the alarm?

NEIL CAVUTO:

No, you're right. I don't care. Why weren't they supervising? Which is exactly what they should have done. I jumped on you again. I only for time purposes, sir, not to be rude. But I did want to get your sense about who could be next. Now, what's interesting, First Republic apparently was getting some interest in talks with J.P. Morgan, Morgan Stanley to help them out, maybe provide some relief, some aid that did very little to help First Republic stock. I only mentioned that, that there are other players, battered players out there that could suffer



the same fate, maybe in a couple of their cases through no fault of their own and lead to a bank run on midsize, smaller banks that might now all of a sudden be under pressure as customers seek out bigger banks. Then what do we do?

REP. TOM EMMER:

Well, it's mostly the regional banks that we're concerned with. That's where all the lending was taking place within the last year. And as the cost of money gets greater, you know, Jerome Powell's got an interesting decision to make. Does he continue to raise interest rates to fight the, to fight this stubborn inflation? Or does he get hawkish and hold the line for a bit so that these banks can continue to do business? The interesting thing, Neil, is nothing in Washington is coincidence. And if you look at the banks that we're talking about, Silvergate, Silicon Valley and Signature in New York, they were all involved with high tech businesses and, and crypto. And it just so happens that it looks like our government is out to, to kill crypto.

NEIL CAVUTO:

You know, it's interesting development because crypto has more than held its own for the time being throughout all of this had gotten as high as just close to 27,000 bucks a coin. Now around that, I believe last time I checked around the 25,000 level, 24,891 that you can't kill it off that easily. So, so what do you think?

REP. TOM EMMER:

More importantly, Neil, why is our government going after the crypto business? Signature, they, they initially announced that the issue was they were banking crypto and making loans. They weren't, they were just banking crypto. And even the, the New York financial services department, the head of that is acknowledged. Crypto had nothing to do with Signature, Barney Frank, Barney Frank, the former chair of the house financial services committee has said, it appears that this is an attack on crypto. In fact, two sources have told Reuters that anybody who buys Signature has to agree they will not bank crypto. So it's really interesting, Neil, more questions to be answered. If you look at the Fed, which just announced that this summer it's going to release or going to kick off its FedNow program, which is a payment system that would settle payments within seconds. What's interesting is our government competing with the private sector right now. And are these banks that are banking crypto actually the target of their, their angst?

NEIL CAVUTO:

That's a fascinating, you know, subset of the story. It might be the story. Interesting. Congressman, thank you very much. Good seeing you again. Congressman Tom Emmer, the Minnesota Republican, also house majority with big cheese.

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For questions or corrections: mn06watch@gmail.com