

Dr. Paul's Opening Statement
DIMP Remittance Hearing – 5.17.07

It is clear to most people that remittances provide a significant economic boost to many South American and Latin American countries. Remittance flows to some countries dwarf foreign direct investment and foreign aid and have a beneficial effect on economic development, enabling low-income families to better their situations. The effect of remittances on development showcases the beneficial effects of market-based interaction to improve peoples' lives.

Some legislative proposals would require wire transfer services and other money services businesses to comply with elements of the REAL ID Act. While often well-intentioned, such measures, aside from infringing constitutional liberties, would have the effect of creating a thriving black market financial system which would make it even more difficult for law enforcement to track truly criminal financial transfers.

Heavy-handed government intrusion into the operation and regulation of money services businesses would also have the effect of raising the costs of doing business. Money service businesses have done a good job of identifying and serving their customers' needs. Healthy competition has led to a reduction in fees over the years so that money services businesses are accessible to more and more consumers. As some of our witnesses will attest, even the threat of regulation can have a chilling effect on the operation of money services businesses. The money services market has done an admirable job of self-regulation so far. The worst thing Congress could do is intervene in an overly forceful manner and undo all the good things that have been done so far.