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House of Representatives

The House met at 10:30 a.m. and was called to order by the Speaker pro tempore (Mr. SERRANO).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
September 9, 2008.

I hereby appoint the Honorable JOSÉ E. SERRANO to act as Speaker pro tempore on this day.

NANCY PELOSI,
Speaker of the House of Representatives.

MORNING-HOUR DEBATE

The SPEAKER pro tempore. Pursuant to the order of the House of January 4, 2007, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning-hour debate.

THE GOVERNMENT BAILS OUT FANNIE AND FREDDIE

The SPEAKER pro tempore. The Chair recognizes the gentleman from Florida (Mr. STEARNS) for 5 minutes.

Mr. STEARNS. Mr. Speaker, it's no secret that our country is facing economic uncertainty with a rapidly rising national debt and a lingering housing and mortgage crisis. Just weeks ago, our Congress orchestrated a sweeping effort to prop up government-sponsored enterprises—GSEs Fannie Mae and Freddie Mac—which own or insure half of our Nation's mortgages by exposing American taxpayers to vast financial risk. Now, just this past weekend, the Treasury has finalized a plan to officially bail out Fannie and Freddie, a step I had hoped our government would not be forced to take.

It used to be argued that simply chartering Freddie and Fannie didn't

mean that the Federal Government was on the hook if these mortgage giants collapsed, but now no one can make that case anymore. The recent and worrisome events occurring in the United States' housing market have revealed that the Federal Government bears significant risk in its chartering of Fannie Mae and Freddie Mac. Although these two GSEs are supposed to make the American dream come true, the reality is that they are contributing relatively little to the overall quality of the U.S. housing finance system.

At the same time, they have created exorbitant risks both for the taxpayers and for the entire economic system that cannot be adequately addressed by simple regulation alone. Over the years, Fannie and Freddie have been allowed to incur \$5.2 trillion in debt by borrowing \$1.5 trillion and by guaranteeing mortgage-backed securities worth almost \$4 trillion. Unfortunately, since January of this year, Fannie and Freddie's stock has also declined by about 90 percent. The collapse of these two, their common shares, coupled with the current credit, housing and mortgage crisis and illiquidity of our markets, has clearly demonstrated that the financial and regulatory structures we have been operating have failed us.

With the hasty passage of the Housing and Economic Recovery Act (H.R. 3221), which I voted against, Congress granted the Treasury a broad new authority to inject capital into the struggling mortgage giants if that's needed. To the surprise of few, with a collapse imminent, the Treasury decided this past weekend it would transfer the control of Fannie and Freddie and place it into conservatorship, which is akin to the filing of chapter 11 bankruptcy. The Treasury will now commence with buying mortgage-backed securities from banks in the open market at the expense of American taxpayers.

Although this move will probably lower interest rates on home loans by, maybe, about 1 percent, the bailout won't stabilize home prices or swiftly curb the rate of foreclosures, which are currently at an all-time high. Thus, the immediate effect of the Treasury bailout of Fannie and Freddie will serve to benefit, for the most part, international stock exchanges and large central banks in foreign countries. To be specific, one of the biggest, immediate beneficiaries of this bailout will be the central banks in Asia, such as the People's Bank of China, which has billions invested in Fannie Mae and Freddie Mac bonds.

Four years ago, Federal Reserve Board Chairman Alan Greenspan told the Senate Banking Committee: "The existence or even the perception of government backing undermines the effectiveness of market discipline," and he was right.

We must find an effective way to free our economy from the grips of this avoidable financial instability. In order to do so, Fannie and Freddie must be restructured and set on a path towards gradual privatization, for placing Fannie and Freddie into conservatorship is not a good long-term solution. Privatization is the most viable solution to mitigating the enormous risks posed by these out-of-control GSEs.

To be sure we never find ourselves in this situation again, Fannie and Freddie must be removed entirely from the government's account, be placed in direct competition with other financial institutions and be subjected to the effective discipline of the U.S. market. In this way, we can stabilize these important mortgage firms, restore confidence to investors and shareholders and relieve American taxpayers from the burden of another costly bailout.

Also, I call for an immediate investigation by this body into Freddie Mac's unreported financial results of almost \$9 billion. Let's ask former CEO

This symbol represents the time of day during the House proceedings, e.g., 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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Franklin Raines to explain these fraudulent audits that were presented.

The American people deserve better than what these GSEs have to offer. We cannot allow them to leave us with a legacy of debt to be shouldered by hardworking Americans, for as Thomas Jefferson so aptly said a long time ago, “[the] principle of spending money to be paid by posterity under the name of funding is but swindling our future on a very large scale.”

ENERGY

The SPEAKER pro tempore. The Chair recognizes the gentleman from Washington (Mr. INSLEE) for 5 minutes.

Mr. INSLEE. I've come to the floor this morning to talk about a great opportunity we have in the next 2 or 3 weeks here in Congress to really adopt a comprehensive energy bill that will move forward with the bold strokes that America needs, but I mention bold strokes rather than tiny, little baby steps, and we will not have accomplished our goal this fall if we just take tiny, little baby steps, and unfortunately, that still remains a possibility.

Now, the tiny, little baby steps that I refer to are the efforts to go for a little thimble full of fuel off of our coastline, and this has really gotten the majority of the debate, but unfortunately, it's not where the tankers full of energy are. We know that if we drill off our coastlines it simply won't answer the problem that we have because there is just not enough oil there. We consume 25 percent of the world's oil, but we only have 3 percent of the world's oil supply even if we drill off our coastline or in Yellowstone National Park or on the south lawn of the White House. So, while we're having an honest debate about where to drill, there is one thing we know for sure: drilling is not enough. Even if we do expand the places where we drill—and my side of the aisle is supporting using the 68 million acres that are already leased, in fact, starting drilling on those areas that are already leased—we know we have to do so much more than just drill.

The good news is that we will have on the floor in the next couple of weeks a proposal that will move forward broadly with the new technologies that really provide the vast, huge tankers full of energy that we need to replace our fossil fuel-based economy, but I learned this August at some companies that I visited and at some research labs that we are just on the cusp of a clean energy revolution that is now ready, if we can ask some of my fellows across the aisle to join us, for truly having a comprehensive plan.

I want to just run through some of the companies I visited this August. I went to the National Renewable Energy Lab in Golden, Colorado, and I saw an incredible place where they had two plug-in electric cars. Right above them was a photovoltaic cell of about, maybe, 10 by 20 on a pedestal right

above them. With that one solar photovoltaic panel, they were charging two plug-in electric cars that would go 30 to 40 miles, all electric. Then if you wanted to go more than 40 miles, you could run it on gasoline or potentially on ethanol, a plug-in electric car. You could see a vision where we have PV cells in our homes or at our businesses, powering our cars with plug-in electric technology, and it was right there in Golden, Colorado. It is not a pipe dream. It is on the roads today. The first commercially available plug-in electric car today was written about in the Seattle Post Intelligencer in my hometown in Seattle. This is ready to go. Our bill will support that technology.

I met a guy named Bob Nelson on Bainbridge Island in Washington who has a company called Sapphire Energy. Sapphire Energy has figured out a way to use algae and to convert algae to gasoline, pure American-bred gasoline from algae. Our technology will support the commercialization of that technology.

I met a woman named Susan Petty, also in Seattle. She has a company called AltaRock. AltaRock is a company that drills down 3 to 5 kilometers. It pumps down cold water. It fractures rock. It then pumps down water and brings it back up at 300 degrees temperature. It uses that hot water to create steam, and it generates electricity with zero CO₂ emissions and with zero global warming gases. AltaRock Energy is going to be ready to commercialize this technology, we hope, in the next several years that could produce potentially half of our electrical needs in the United States if we can surmount a couple of technological challenges involving pumps. Here is a company that could be a total game changer, and it needs policies from Congress to move forward. Our proposal, the Democratic leadership will propose, will support that technology.

Next, I go down the drive to Bellevue, Washington, and I visit a company called MagnaDrive that is producing an electrical system that can reduce the electrical needs of electrical motors by 60 to 70 percent. They are manufacturing that product today and are shipping it to China. They're hiring people in Bellevue, Washington to produce these things to go to China, to start exporting products to China. This is the future of this country to build these clean energy technologies and to ship them to China. Our bill that we will propose will support that technology.

Now what we need are for some of my Republican colleagues to drop this proposal of “none of the above” and to start joining us with a comprehensive approach. What America needs is a clean energy revolution.

THE AMERICAN ENERGY ACT

The SPEAKER pro tempore. The Chair recognizes the gentleman from Ohio (Mr. BOEHNER) for 5 minutes.

Mr. BOEHNER. Well, Mr. Speaker, let me say “welcome” to my Democrat colleagues. “Welcome back to the House.” You all left here without a vote on the American Energy Act, and as I look at this week's schedule, it looks like we're going to take another week of vacation because there is not much on the schedule.

While you all were out, I and my Republican colleagues were here each and every day with the lights dimmed, with the microphones off, with no one in the chair, and with the cameras off. We were talking to the visitors who were coming through the Capitol about our plan to produce all of the above.

You know, the American people are tired of high gas prices. Small businesses are having a difficult time with high energy prices. We've got school districts around America that are trying to figure out how they're going to operate their buses this fall with the prices of gasoline and of diesel where they are. Yet Congress has failed to act. What we've been proposing for the last 3 months is the buildup of do all of the above. We need to have more conservation in America, and we need to have the incentives to produce more conservation. We need renewables.

To my colleague from Washington who was just here, I'm in full support of all of these renewables, but many of them are not going to be ready next year or the year after or, for that matter, some of them not for 10 or 20 years.

So, in the meantime, we've got to find a way to produce more energy now, and that means using coal in a clean way whether it's coal to gas or coal to liquid. We can use coal, and we're the Saudi Arabia of the world when it comes to coal, and there is no reason for us not to use it in an environmentally sensitive way. We also need nuclear energy, the cleanest form of energy. Today, it's a 15-year process to get a nuclear permit and to go through all of the steps. It costs billions of dollars, and maybe at the end of 15 years you will get a permit to actually operate.

Even if we do all of that, we've not done all we can do to maximize our energy security and to maximize the amount of energy we can produce to take a big step toward energy independence. That's why producing more American-made oil and gas in an environmentally sensitive way has to be part of this bill.

Now, this bill has been out there. It does all of the above, and I think the American people are demanding that we do all of the above, but the Speaker, before she became the Speaker, promised this would be the most open and accountable Congress in history. In that light, I respectfully ask the Speaker: When will you give the American people a vote on the American Energy Act (H.R. 6566), our plan to do all of the above? Will it be on the floor this week?

There are rumors floating around that we could have an energy bill this