



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 110th CONGRESS, SECOND SESSION

Vol. 154

WASHINGTON, TUESDAY, SEPTEMBER 16, 2008

No. 147

House of Representatives

The House met at 9 a.m. and was called to order by the Speaker pro tempore (Ms. SOLIS).

DESIGNATION OF SPEAKER PRO TEMPORE

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

WASHINGTON, DC,
September 16, 2008.

I hereby appoint the Honorable HILDA L. SOLIS 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 Chair will alternate recognition between the parties, with each party limited to 25 minutes and each Member, other than the majority and minority leaders and the minority whip, limited to 5 minutes, but in no event shall debate continue beyond 9:50 a.m.

TAKING THE "FREE" OUT OF THE FREE ENTERPRISE SYSTEM

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

Mr. McDERMOTT. Madam Speaker, this is a propitious day. The market dropped 500 points yesterday, the largest drop since 2001. The economic and regulatory policies of this President has certainly taken the "free" out of the free enterprise system. Across America, the dominoes are falling.

Bear Stearns fell a few months ago; Fannie Mae, Freddie Mac, a week ago;

a distress sale of Merrill Lynch over the weekend; Lehman Brothers is looking for bankruptcy on Monday morning; and the auto industry is looking for another \$25 billion in bailout; and AIG wants a \$40 billion bridge loan from the Federal Reserve. The stock market, as I say, went down 500 points yesterday. No one really thinks we can see the light at the end of the tunnel.

Who's next? We can't answer that question of who is next, other than to say an awful lot of people in the financial industry are working nights and weekends to assess their exposure, and do damage control, if possible.

What's next? This is a question we can begin to answer. What's next is that the American people are going to be on the hook for the Bush problem for the next generation, and in so many ways will have to pay much of the financial mess.

The last 8 years of this administration, they did everything they could to eliminate, gut, stymie, and ignore responsibility for regulatory oversight by the Federal Government. This administration worshipped at the altar of the free enterprise system and the market. The President wanted the gold, but without a standard.

Republicans did everything they could to let the financial industry do anything it wanted, regardless of consequence. At the same time, the administration made clear in its Federal appointments they wanted Federal regulatory agencies on the sidelines.

Without government oversight watching out for the interests of the American people, the industry turned free rein into freewheeling, irresponsible policies. When the dominoes began to fall, the administration stepped in to charge billions for bailouts to the American people. And it's not over yet.

The current financial crisis is the worst in decades, and yet the shell game goes on. The administration

wants to hide the extent of the damage, the risk, and the burden on the American people.

I would like to enter into the RECORD the lead Sunday editorial in the New York Times, called: Bailout Hide and Seek.

The Federal budget deficit has swelled to more than \$400 billion, and is headed for \$500 billion, but the administration wants to keep the cost of the bailouts off the Federal books. They want to hide the magnitude of the crisis and their duplicity in making it possible for the last 8 years of economic abandonment.

Things are so bad that no one can accurately predict what the cost will be or how much the American people have been saddled with. The only thing the administration keeps saying is, Charge it to the American people. Just like the Iraq war, which is adding up to a trillion-dollar tab.

This President misspent the public trust and squandered the full faith and credit of the American people. The bills just keep coming due after the administration leaves office. They say in business: There's no such thing as a free lunch. What they don't say is that the President has arranged for the American people to pick up the tab.

The American financial crisis is the culmination of Republican economic policies. Spend freely, lower taxes, and don't ask anybody to make any kind of sacrifice for a war. Just spend. They got what they wanted, and left the American people holding the bag, and the tab.

The next administration will not only have to rebuild America's moral leadership in the world, we will have to rebuild America's economic system and the confidence here at home. The legacy of this President is clear. He took the "free" out of the free enterprise system, and instead billed it to the American people.

□ 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.



Printed on recycled paper.

H8131

Madam Speaker, we can't wait to have the change that BARACK OBAMA will bring for this country.

[From the New York Times, Sept. 14, 2008]
BAILOUT HIDE AND SEEK

On Friday, less than a week after the government took control of Fannie Mae and Freddie Mac, the White House announced that there is no reason at this time to account for the companies in the federal budget. That is great news for officials who prefer to hide the cost of the bailout since it is due, in large part, to their failure to adequately regulate the financial markets and steward the economy. But it is an insult to taxpayers, whose money is at risk, and it is a reckless gambit.

The Congressional Budget Office reported on Tuesday that the government's finances are deteriorating rapidly: the budget deficit for this year is expected to reach \$407 billion, more than double last year's shortfall, and to exceed \$500 billion in 2009. The takeover of Fannie and Freddie, necessary though it is, will add to the deterioration. Airbrushing that away will only open the door to uninformed—or negligent—decisions on spending and tax cuts.

The White House says that the extent of the government's control of Fannie and Freddie does not warrant including the companies' operations in the budget. That is absurd. The government has seized the companies, firing their executives and installing new ones, offering to invest up to \$200 billion in the companies if necessary, and most significant, making an ironclad promise to pay their trillions of dollars in obligations, if need be. The White House also claims that the risk to taxpayers is not yet serious enough to require that the costs be shown in the budget. But there is a very real cost to guaranteeing the obligations of Fannie and Freddie, even if the government never has to cough up a penny. The taxpayer is on the hook while the guarantee is outstanding—and the Treasury says that will last past Dec. 31, 2009, when its bailout authority officially ends.

The Congressional Budget Office has said that it will calculate the cost of taxpayers' risk and include it in its version of the budget, which is separate from the White House version of the budget. Having conflicting budgets is hardly a good way to restore confidence in the government's financial management. But the C.B.O. accounting will prevent the White House from saying, in effect, "yes, bondholders, your investments are fully guaranteed, but you, dear taxpayers, don't worry, it costs you nothing." As the government (read: taxpayers) assumes additional risks, it is more important than ever to get the accounting right. Accurately reflecting the budget cost of the Fannie and Freddie bailout would not lead to an explosion in public debt. Prudent accounting, accurately applied, would limit the amount that must be counted against the nation's overall debt ceiling. Accurately accounting for risk would limit the cost of making good on the companies' obligations to a figure that reflects the likelihood of taxpayers actually having to pay up.

No one yet knows the ultimate cost of the bailout, but it is already more than zero.

DEFENSE APPROPRIATIONS

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

Mr. FLAKE. Madam Speaker, I rise this morning just to shed a little light on the defense bill we may or may not

be considering this year in the next week or so. There's a rumor going around that the defense bill might even be brought to the floor without going through a full Appropriations Committee markup.

Now that is troubling in itself, but what is more troubling is that there are some 1,200 earmarks in this defense appropriation bill that very few Members of this body have actually even seen. That list has been passed around to Appropriations Committee members. A few members of the press have seen it. Our office managed to see a copy of the report. But virtually nobody else has seen it. That is 1,200 earmarks. For all the talk about transparency and a new process and where these earmarks will be vetted, we see very little of that here.

I have been troubled for a long time at the number of earmarks that go through this body. A lot of people have been troubled. The whole country is troubled by the number of earmarks that go through this body without really even being seen and without anybody knowing what they are about.

It's not just the money that is spent. We all know that earmarks leverage higher spending everywhere else. Because once you get an earmark in an appropriation bill, then you're really obligated, almost obligated, to vote for that entire bill, no matter how bloated that bill becomes. So you see higher spending everywhere else. Also, earmarks are put in unrelated bills in order to garner votes for other bills. But let me just talk about the defense bill here just a minute.

Members of Congress, those who defend the secretive earmarks, often say that Members of Congress know their districts far better than these faceless bureaucrats in the administration, and that somehow, having Members of Congress sneak a secretive earmark into a conference report, is somehow better than having the administration decide where that money is spent.

Now I am not here to defend bureaucrats or to defend the spending of money, but I can tell you it's not a good process when Members of Congress can put an item in a bill and have so little scrutiny, and what tends to happen is those who are up on the food chain in Congress, those on the Appropriations Committee, those who are in leadership positions, committee chairs, tend to get a disproportionate number of earmarks.

So the argument that earmarks go to places because Members of Congress know their districts better than faceless bureaucrats really means that whoever has the power in this body gets the earmarks.

Let me demonstrate a little here. Of the 1,200 earmarks tucked into the full committee report of this bill, it's worth about \$2.8 billion. Of these earmarks, more than 400 go directly to Members who sit on the Appropriations Committee. An additional 111 are associated with appropriators. These are

earmarks that were requested by that appropriator, as well as a few other Members.

I would remind my colleagues that appropriators make up 15 percent of the Members in this body. Yet, in this bill, appropriators alone are taking 44 percent of the earmarks. Again, just 15 percent of the Members of the body, and 44 percent of the earmarks.

When you translate that into actual dollar amounts, appropriators are taking \$1.6 billion taxpayer dollars back to their district. This represents 48 percent of the total dollars earmarked in this massive appropriations bill.

So what we have here, Madam Speaker, is a spoils system. It's not any high-minded, I know my district better than some faceless bureaucrat. It's, If I am an appropriator, or I am in a leadership position, I'm in a good position to get these earmarks.

Let me just run through a couple of the earmarks in the bill. This is a defense bill. The purpose of this appropriation bill is to fund our troops and to fund our defense. Yet, we have, for example, something called the Presidio Heritage Center in California. It may be a worthy project. It may be something a local government or local people want to fund, but why in the world the Congress is funding it in the defense bill, I just don't know.

But if this bill comes to the floor without being marked up in committee, nobody will be able to challenge it in committee. Nobody will be able to see it. If it comes to the floor under any other auspices than an open rule, then no Members of this body, the body as a whole, will be able to even question it.

There's also something called a Cold Weather Layering System. That is usually a highfalutin word for a coat. Sometimes gloves are put in here under big names about hand-warming systems, or whatever else, when it shouldn't be funded in the defense bill at all.

Another one, University Strategic Partnerships, Renewable Carbon Fuel from Algae. These may be good projects, but they shouldn't be in the defense bill.

CLEAN ENERGY ECONOMY

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

Mr. INSLEE. I have come this morning to take issue with a comment by one of the candidates for President about how our economy is doing fine, the fundamentals are strong. I want to say that we have to do some major work rebuilding our economy and rebuilding millions of jobs, and that we will have a bill on the floor this week that we will propose to restore economic growth by rebuilding a new, clean energy economy for America.

We believe that we need to have a new birth of whole new industries in America to start to replace the hemorrhaging of jobs that we have suffered,