

SECRETARY PAULSON AND THE
BAILOUT LEGISLATION

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

Mr. DEFAZIO. Mr. Speaker, 2007 was a great year on Wall Street, 2007, bonuses of \$38 billion to themselves. Secretary Paulson came to us just having received a \$39 million bonus from Goldman Sachs, came here to the applause of the Wall Street elites and others.

His first crisis was Bear Stearns. He bailed out Bear Stearns, or he had them acquired with Federal guarantees. But he said, don't worry, the fundamentals of our economy are sound. Then along came Fannie Mae and Freddie Mac. He wanted Congress to give them an unlimited line of credit, but don't worry, it's only a crisis of confidence. Their fundamentals are sound. They probably won't even need the line of credit. Congress went along with that. I voted "no." The fundamentals of America are sound, he said.

A month later he had to take over Fannie Mae and Freddie Mac, unprecedented, accumulating maybe \$5 trillion of debt onto the books of the Federal Government all at once. But not to worry. We'll work our way through it. The fundamentals are sound.

Then came Lehman Brothers. It's just one firm, he says. Let 'em go, let the market work. Our fundamentals are sound. Two days later AIG, a big company, a lot of money in insurance, annuities, other things, too big to fail, broke a 50-year precedent, put Federal money into an insurance company. But not to worry, this is just a little blip. Our fundamentals are sound.

Then Thursday night he has a closed-door meeting with congressional leadership, and he says, if we don't do a bailout plan tomorrow, the economy is going to collapse.

Now, wait a minute. This guy has been consistently wrong and out of touch or he has been lying to Congress and the American people about how sound our fundamentals are. Now he wants us to trust him with the keys of the treasury and no restrictions on how he would spend the money in his next bailout. He is compromised, in my opinion, because of his relationship with Goldman Sachs and Wall Street, not with Main Street America. My small banks are not clamoring for this. My credit unions aren't clamoring for this. They are still making loans. They're saying there's a credit crunch. Guess what, if you've got good credit in Oregon, you can go to the credit union, you can go to a small bank, and then the small bank can sell the loan to the Federal Government, that is, Fannie Mae and Freddie Mac, thanks to Mr. PAULSON.

But he's saying to us here I've got a deal for you. Let's think of Henry Hank Paulson as a realtor. Here's the deal: He's got a great house he wants to sell you. Now, the thing about that is he can't give you an appraisal on the house. There are no market

comparables. And he can't tell you what it's going to cost. But it is a great deal for you.

That is the bailout he is proposing, to take this junk from Wall Street that no one understands and put it on the Federal books. What if we spend, borrow \$700 billion and the market continues to go down? That's what the Asian market said yesterday. They said, wait a minute, it sounded good at first, but where is the U.S. going to get the \$700 billion? Who's going to lend it to them? Or are they just going to print it and cause inflation? And what if it doesn't work? What will they do then? We aren't dealing with some of the fundamental underlying problems that we have now.

And now I find out by reading the Washington Times that very quietly they have folded in all student loan debt, all automobile debt, and all credit card debt. So the Federal Government is now not only going to be in the housing business, it's not only going to be in the insurance business, suddenly we are going to be in the repo business, out there collecting cars around America so we can sell them to try to get back some of the taxpayers' money.

This is nuts. Congress should not do this this week. We need to understand what's going on. They can't be slipping in little things like this and trying to jam this bill through. This is way too much like the rush to war when Congress was under pressure to go home for elections. Forget about the elections. This is about the future of the United States of America and our financial system. And if we have to stay here every day in October to understand this and get it right, we should.

THE BAD OLD DAYS

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

Mr. MCDERMOTT. Mr. Speaker, in my Seventh Congressional District in Washington State, and in towns and cities across the United States, the American people are justifiably outraged and at the same time dumbfounded that the President would send the Treasury Secretary up here to Congress asking for a blank check, declaring the sky will immediately fall if he doesn't get it. With a straight face, but no straight talk, he demanded unchecked, unlimited power to spend \$700 billion of taxpayer money any way he sees fit. From the moment this President took office 8 years ago, his administration has done everything possible to roll back the clock to the roaring '20s, and now they want to roll the American people to pay for it.

For the last 8 years, this administration rewarded Wall Street and ignored Main Street. For 8 long years, this administration encouraged practices that have taken America back to the finances of 1929. But now this administration wants the American people to

pay \$700 billion for Wall Street's ignorance and greed, and what are they going to do with it? The American people are asked to sacrifice, but what about Wall Street? What does the President ask of them? Wall Street lobbyists are here by the busload, trying to cut deals to sweeten the pot for the people who pay them millions. When someone suggested any potential bailout ought to include a provision to re-finance some mortgages, the lobbyists declared the sky would fall. And when somebody declared that there would not be golden parachutes for executives who masterminded this mess, we were told that that would be punitive. And then when the White House relented and said they might give a little on golden parachutes, the American people are supposed to be thankful and give in.

In case anybody has forgotten, the golden parachutes originally pegged at \$13 million for the chief executives of Freddie and Fannie were cut. They ended up only getting \$9 million. Does that sound like sacrifice to you?

Friends and supporters of this administration have had 8 years of unregulated, unfettered access to the wallets of the American people. Their complex derivatives and mathematical formulas were used to create financial products that can best be described in a single phrase: house of cards. This administration permitted, encouraged, and now wants to mortgage this house of cards to the American people. They take no responsibility for their role in the crisis. Instead, they warn the American people that they might suffer mightily if they do not act within a week. Suddenly the administration and the Republican Party that regularly decry government intervention now clamor for it, but only because they can't find \$700 billion anywhere else.

How do they propose to pay for it? Does the President offer to reduce the massive tax holidays enjoyed over the last 8 years by the rich? Did they offer something that would benefit the working Americans who don't want to pay for this?

To all the American families where the husband and wife work two, three, four jobs to make ends meet, to all the single moms and dads who play by the rules, the administration has offered you a threat and a share in paying this \$700 billion mortgage on a house of cards. This administration has brought America to the brink of national bankruptcy, and they are banking on fear again. They used fear to go to war. They used fear to take away your civil rights and spy on you. And now they are using fear of financial collapse, and they are just trying to scare you into getting them to do whatever they want.

There's a line that aptly describes this situation: "Fool me once, shame on you. Fool me twice, shame on me." Don't be fooled.

Mr. Speaker, remember, trust is something that is already bankrupt.