

EXTENSIONS OF REMARKS

A SPECIAL TRIBUTE TO THE SOUTH RICHLAND TOWNSHIP VOLUNTEER FIRE DEPARTMENT, DEFIANCE COUNTY, OHIO, CELEBRATING 50 YEARS OF SERVICE

HON. PAUL E. GILLMOR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 10, 2003

Mr. GILLMOR. Mr. Speaker, it is my distinct privilege to stand before my colleagues in the House to pay tribute to a distinguished group of citizens in Ohio's Fifth Congressional District. On September 13, 2003, the South Richland Township Volunteer Fire Department is celebrating 50 years of service to Defiance County, Ohio.

No vocation more embodies the spirit of the American community than that of a volunteer firefighter. These modern American heroes—men and women of all walks of life and social station—give freely of their time and talents to prepare themselves to stand watch for the community.

We, in Ohio's Fifth Congressional District, are blessed to have such dedicated citizens as the members of the South Richland Township Volunteer Fire Department. In 1953 42 charter members organized under the leadership of Chief Clifford Colwell. Remarkably, three of these charter members are still active in the department today.

The department has gone through many changes during its first 50 years of service. A rescue service was added to the department in 1971. The 2-bay fire station was expanded to 5 bays. The lone original 1953 GMC pumper has been replaced by multiple vehicles, including a 2002 custom pumper, a 1971 GMC and a 1984 pumper tanker, a 1998 Ford grass truck, a 1999 GMC rescue until, a lifeboat, a generator set and a volunteer member-owned 1998 GMC tanker.

During its first 50 years of service, the department has been blessed by the leadership of 5 dedicated fire Chiefs—Clifford Colwell 1953–58; Clinton Colwell 1958–60; Robert Colwell 1960–80; John Zimmerman 1980–90; and, Robert Lehman 1990—present.

At present time, the department has 39 members with a total of over 571 years of service and experience. Within their membership, the South Richland Township Volunteer Fire Department has third generation firefighters, and the fourth generation is waiting in the ranks.

Mr. Speaker, the individuality of the American culture, the freedom of the American spirit, and the American value of neighbor-helping-neighbor is embodied in the tradition of the South Richland Township Volunteer Fire Department. I urge my colleagues to join me in this special tribute. Our Nation is well served when citizens willingly sacrifice for their community. I am proud to represent them in this Congress.

INTRODUCING FREE HOUSING MARKET ENHANCEMENT ACT

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 10, 2003

Mr. PAUL. Mr. Speaker, I rise to introduce the Free Housing Market Enhancement Act. This legislation restores a free market in housing by repealing special privileges for the housing-related government sponsored enterprises (GSE). These entities are the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the National Home Loan Bank Board. According to the Congressional Budget Office, the housing-related GSEs received 13.6 billion worth of indirect Federal subsidies in Fiscal Year 2000 alone.

One of the major government privileges granted the GSE is a line of credit to the United States Treasury. According to some estimates, the line of credit may be worth over \$2 billion dollars. This explicit promise by the Treasury to bail out the GSEs in times of economic difficulty helps the GSEs attract investors who are willing to settle for lower yields than they would demand in the absence of the subsidy. Thus, the line of credit distorts the allocation of capital. More importantly, the line of credit is a promise on behalf of the government to engage in a massive unconstitutional and immoral income transfer from working Americans to holders of GSE debt.

The Free Housing Market Enhancement Act also repeals the explicit grant of legal authority given to the Federal Reserve to purchase the debt of GSE. GSEs are the only institutions besides the United States Treasury granted explicit statutory authority to monetize their debt through the Federal Reserve. This provision gives the GSEs a source of liquidity unavailable to their competitors.

The connection between the GSEs and the government helps isolate the GSE management from market discipline. This isolation from market discipline is the root cause of the recent reports of mismanagement occurring at Fannie and Freddie. After all, if investors did not have reason to believe that Fannie and Freddie were underwritten by the Federal government then investors would demand Fannie and Freddie provided assurance they were following accepted management and accounting practices before investing in Fannie and Freddie.

Ironically, by transferring the risk of a widespread mortgage default, the government increases the likelihood of a painful crash in the housing market. This is because the special privileges of Fannie and Freddie have distorted the housing marketing by allowing Fannie, Freddie and the home loan bank board to attract capital they could not attract under pure market conditions. As a result, capitol is diverted from its most productive use into housing. This reduces the efficacy of the entire market and thus reduces the standard of living of all Americans.

Despite the long-term damage to the economy inflicted by the government's interference in the housing market, the government's policies of diverting capital to other uses creates a short-term boom in housing. Like all artificially-created bubbles, the boom in housing prices cannot last forever. When housing prices fall, homeowners will experience difficulty as their equity is wiped out. Furthermore, the holders of the mortgage debt will also have a loss. These losses will be greater than they would have otherwise been had government policy not actively encouraged over-investment in housing.

Perhaps the Federal Reserve can stave off the day of reckoning by purchasing the GSE's debt and pumping liquidity into the housing market, but this cannot hold off the inevitable drop in the housing market forever. In fact, postponing the necessary, but painful market corrections will only deepen the inevitable fall. The more people invested in the market, the greater the effects across the economy when the bubble bursts.

No less an authority than Federal Reserve Chairman Alan Greenspan has expressed concern that the government subsidies provided to the GSEs make investors underestimate the risk of investing in Fannie Mac and Freddie Mac.

Mr. Speaker, it is time for Congress to act to remove taxpayer support from the housing GSEs before the bubble bursts and taxpayers are once again forced to bail out investors who were misled by foolish government interference in the market. I therefore hope my colleagues will stand up for American taxpayers and investors by cosponsoring the Free Housing Market Enhancement Act.

THE LOSS OF SOLDIERS IN IRAQ

HON. JAMES R. LANGEVIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 10, 2003

Mr. LANGEVIN. Mr. Speaker, it is with profound sorrow that I rise to recognize the loss of three soldiers in Iraq, all of whom served with dignity and honor and for whom the people of Rhode Island now mourn.

On Wednesday, August 27, U.S. Army Sergeant Gregory Belanger died after his vehicle was hit with an explosive device. A resident of Narragansett, Rhode Island, Sergeant Belanger was a member of the Army Reserves and served with the Headquarters Service Company, 325th Military Intelligence Battalion, which was deployed to Iraq in March. In addition to his service to his nation, Sgt. Belanger was known among his friends and family for his impressive culinary skills, having earned an associate's degree from Johnson & Wales University. I express my condolences to Sgt. Belanger's fiancée Tara Woundy and his family in Deerfield, Massachusetts.

Additionally, two members of Rhode Island's 115th Military Policy Company were lost on

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