

stay warm in the upcoming winter months. I also support the \$250 million for weatherization programs that will help families lower their energy use and combat the hardships associated with increasing energy costs.

This bill contains \$7.51 billion to carry out the \$25 billion Advanced Technology Vehicles Manufacturing Loan Program. These funds are critical to our domestic automobile industry because they will help manufactures to re-equip and expand U.S. facilities to produce high fuel-efficiency vehicles and parts. This program is important in Brook Park, Ohio at the Ford manufacturing plant, where the equipment currently used to manufacture the six-cylinder engines will need to be replaced to accommodate demand for fuel-efficient cars. This can help to ensure that jobs in Cleveland are secure as well as pave the way for additional jobs by transitioning to the vehicles of tomorrow such as hybrid electric cars and fuel cells.

While help for the auto industry is clearly long overdue we are allotting this money without a broader and more comprehensive strategy that addresses the problem, not the symptoms. Building the plants of tomorrow is a good step but without rethinking and reforming our flawed NAFTA-style trade policies, the U.S. automobile industry will remain under threat. Triggering surges in automotive imports into the United States while limiting the demand of U.S. made products at home and access to markets abroad exacerbates U.S. competitiveness. These faulty trade policies are responsible for enormous auto trade deficits and the loss of tens of thousands of well paid American jobs.

This body must stop passing legislation that does not reflect the real needs and priorities of the American people. We cannot continue to spend approximately half of our total federal budget dollars on the development of weapons systems and excessive military capabilities while the American people go without jobs, health care and good schools. We owe the American people better.

#### BLAME FANNIE MAE AND CONGRESS FOR THE CREDIT MESS

##### HON. VIRGINIA FOXX

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Sunday, September 28, 2008*

Ms. FOXX. Madam Speaker, I submit the following article for the RECORD.

[From the Wall Street Journal, 23 Sept. 2008]

#### BLAME FANNIE MAE AND CONGRESS FOR THE CREDIT MESS

(By Charles W. Calomiris and Peter J. Wallison)

Many monumental errors and misjudgments contributed to the acute financial turmoil in which we now find ourselves. Nevertheless, the vast accumulation of toxic mortgage debt that poisoned the global financial system was driven by the aggressive buying of subprime and Alt-A mortgages, and mortgage-backed securities, by Fannie Mae and Freddie Mac. The poor choices of these two government-sponsored enterprises (GSEs)—and their sponsors in Washington—are largely to blame for our current mess.

How did we get here? let's review: in order to curry congressional support after their ac-

counting scandals in 2003 and 2004, Fannie Mae and Freddie Mac committed to increased financing of "affordable housing." They became the largest buyers of subprime and Alt-A mortgages between 2004 and 2007, with total GSE exposure eventually exceeding \$1 trillion. In doing so, they stimulated the growth of the subpar mortgage market and substantially magnified the costs of its collapse.

It is important to understand that, as GSEs, Fannie and Freddie were viewed in the capital markets as government-backed buyers (a belief that has now been reduced to fact). Thus they were able to borrow as much as they wanted for the purpose of buying mortgages and mortgage-backed securities. Their buying patterns and interests were followed closely in the markets. If Fannie and Freddie wanted subprime or Alt-A loans, the mortgage markets would produce them. By late 2004, Fannie and Freddie very much wanted subprime and Alt-A loans. Their accounting had just been revealed as fraudulent, and they were under pressure from Congress to demonstrate that they deserved their considerable privileges. Among other problems, economists at the Federal Reserve and Congressional Budget Office had begun to study them in detail, and found that—despite their subsidized borrowing rates—they did not significantly reduce mortgage interest rates. In the wake of Freddie's 2003 accounting scandal, Fed Chairman Alan Greenspan became a powerful opponent, and began to call for stricter regulation of the GSEs and limitations on the growth of their highly profitable, but risky, retained portfolios.

If they were not making mortgages cheaper and were creating risks for the taxpayers and the economy, what value were they providing? The answer was their affordable-housing mission. So it was that, beginning in 2004, their portfolios of subprime and Alt-A loans and securities began to grow. Subprime and Alt-A originations in the U.S. rose from less than 8% of all mortgages in 2003 to over 20% in 2006. During this period the quality of subprime loans also declined, going from fixed rate, long-term amortizing loans to loans with low down payments and low (but adjustable) initial rates, indicating that originators were scraping the bottom of the barrel to find product for buyers like the GSEs.

The strategy of presenting themselves to Congress as the champions of affordable housing appears to have worked. Fannie and Freddie retained the support of many in Congress, particularly Democrats, and they were allowed to continue unrestrained. Rep. Barney Frank (D., Mass.), for example, now the chair of the House Financial Services Committee, openly described the "arrangement" with the GSEs at a committee hearing on GSE reform in 2003: "Fannie Mae and Freddie Mac have played a very useful role in helping to make housing more affordable . . . a mission that this Congress has given them in return for some of the arrangements which are of some benefit to them to focus on affordable housing." The hint to Fannie and Freddie was obvious: Concentrate on affordable housing and, despite your problems, your congressional support is secure.

In light of the collapse of Fannie and Freddie, both John McCain and Barack Obama now criticize the risk-tolerant regulatory regime that produced the current crisis. But Sen. McCain's criticisms are at least credible, since he has been pointing to systemic risks in the mortgage market and trying to do something about them for years. In contrast, Sen. Obama's conversion as a financial reformer marks a reversal from his actions in previous years, when he did nothing to disturb the status quo. The first head of Mr. Obama's vice-presidential search com-

mittee, Jim Johnson, a former chairman of Fannie Mae, was the one who announced Fannie's original affordable-housing program in 1991—just as Congress was taking up the first GSE regulatory legislation.

In 2005, the Senate Banking Committee, then under Republican control, adopted a strong reform bill, introduced by Republican Sens. Elizabeth Dole, John Sununu and Chuck Hagel, and supported by then chairman Richard Shelby. The bill prohibited the GSEs from holding portfolios, and gave their regulator prudential authority (such as setting capital requirements) roughly equivalent to a bank regulator. In light of the current financial crisis, this bill was probably the most important piece of financial regulation before Congress in 2005 and 2006. All the Republicans on the Committee supported the bill, and all the Democrats voted against it. Mr. McCain endorsed the legislation in a speech on the Senate floor. Mr. Obama, like all other Democrats, remained silent.

Now the Democrats are blaming the financial crisis on "deregulation." This is a canard. There has indeed been deregulation in our economy—in long-distance telephone rates, airline fares, securities brokerage and trucking, to name just a few—and this has produced much innovation and lower consumer prices. But the primary "deregulation" in the financial world in the last 30 years permitted banks to diversify their risks geographically and across different products, which is one of the things that has kept banks relatively stable in this storm.

As a result, U.S. commercial banks have been able to attract more than \$100 billion of new capital in the past year to replace most or their subprime-related write-downs. Deregulation of branching restrictions and limitations on bank product offerings also made possible bank acquisition of Bear Stearns and Merrill Lynch, saving billions in likely resolution costs for taxpayers.

If the Democrats had let the 2005 legislation come to a vote, the huge growth in the subprime and Alt-A loan portfolios or Fannie and Freddie could not have occurred, and the scale of the financial meltdown would have been substantially less. The same politicians who today decry the lack of intervention to stop excess risk taking in 2005-2006 were the ones who blocked the only legislative effort that could have stopped it.

#### A TRIBUTE TO SAINT JOHN'S FOUNDATION BOARD TRUSTEE JERRY B. EPSTEIN AND HIS BE- LOVED WIFE, PAT, FOR THEIR MANY CONTRIBUTIONS TO THE COMMUNITY

##### HON. LUCILLE ROYBAL-ALLARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Sunday, September 28, 2008*

Ms. ROYBAL-ALLARD. Madam Speaker, I rise today to pay tribute to my dear friends, Jerry B. Epstein and his remarkable wife, Pat, who are being honored on October 11 with the Spirit of Saint John's Award at the 2008 Caritas Gala at the Beverly Wilshire in Beverly Hills, California.

To fully capture the breadth of this extraordinary couple's service to Saint John's and the community at large, I would like to share with my colleagues a tribute written by members of the Saint John's Health Center Foundation family. My husband Ed and I have had the privilege of knowing this remarkable couple for many years, I feel the tribute captures Jerry and Pat's tireless work to make Saint John's the quality health center it is today. It also

highlights their many other contributions to the Los Angeles community they hold so dear.

The foundation's tribute reads, "Pat and Jerry's love for Saint John's is apparent in the enthusiasm and passion they bring to each project they embrace. When asked why they have chosen to devote so much of their time and energy to the Health Center, Jerry will tell you that having a place like Saint John's is absolutely essential—as important as having food to eat and a roof over your head."

Jerry joined the Saint John's Foundation Board of Trustees in 1975 and was elected Chairman in 2006 and 2007. He has actively participated in numerous hospital and foundation initiatives including leadership of the Development Oversight Committee, Building Committee, Leadership Giving, Jimmy Stewart Relay Marathon Committee, Chautauqua Inaugural Committee, The Saint John's Legacy Project and the Campaign for Saint John's. He currently serves as a member of the Foundation Executive Committee and Board of Counselors. During the design and construction of the new Health Center campus, Jerry's vast knowledge and experience in large-scale real estate development have been invaluable to Saint John's.

Jerry's commitment to Saint John's is matched by his wife and 60 year life-long partner, Pat, whose contributions have touched everyone in the Saint John's family. As one of the founding members of the Irene Dunne Guild, she continues to be an integral part of this important support group. She is a committee member of the Women's Health Initiative and serves on several fundraising event committees. Pat has graciously hosted countless dinners and special events in their home to introduce friends and neighbors to Saint John's.

The Epsteins' dedication to Saint John's is rivaled only by their pride for the State of California. Jerry is a true real estate visionary and since 1952 has been involved in the development, construction and management of major building projects in Los Angeles. One of the highlights of his extremely successful career in real estate is the development of Marina del Rey, the largest pleasure boat harbor community in the world.

Jerry's leadership in civic affairs extends to all sectors of the community and he has proudly served every California governor since Ronald Reagan on state boards and commissions, including the California Transportation Commission and California High Speed Rail Authority, City of Los Angeles Board of Airport Commissioners and Los Angeles State Building Authority, all of which he served as president.

A dedicated student of history, Jerry collects memorabilia associated with the Founding Fathers and other great American statesmen. He is perhaps most proud of the collection he recently donated to the Colonial Williamsburg Foundation, which included an original copy of the Declaration of Independence: plus documents and letters signed by every signatory of the Declaration, including Thomas Jefferson, Benjamin Franklin, John Adams and John Hancock.

Pat and Jerry's energy is boundless when it comes to making a difference in their community. Jerry serves on the board of directors of The Jewish Federation of Los Angeles and a three-person committee overseeing the construction of the new L.A. County USC and

Harbor UCLA Medical Centers. Pat is an officer of the Beverly Hills Hadassah and a member of the Governing Board of FIDM/The Fashion Institute of Design & Merchandising, one of the largest institutions of its kind in the Nation. A gifted artist, sculptor and collector, Pat is also a member of the city's artistic community and is passionate about the time she spends in her studio, Studio Eight, sculpting in different mediums."

Madam Speaker, I ask my colleagues to join me and the entire Roybal family in paying tribute to Pat and Jerry for their generosity, dedication and love for Saint John's Health Center, the greater Los Angeles region and the state of California. They have given selflessly of their time, creativity, talent and financial resources to many important causes and it is with great pride that I join Saint John's in recognizing them for their significant and ongoing contributions to our communities.

#### COMMENDING JOSEEE DUCHESNEAU'S 25 YEARS OF PUBLIC SERVICE TO THE HOUSE OF REPRESENTATIVES

**HON. ADAM H. PUTNAM**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Sunday, September 28, 2008*

Mr. PUTNAM. Madam Speaker, I rise today to honor Josee Duchesneau, who has admirably served this House and the 12th District of Florida for 25 years. She began her career working for Congressman Andy Ireland in 1983 in his Lakeland office. Josee then continued her service to the people of Florida when Congressman Charles Canady was elected to that seat in 1992.

Upon my election to Congress in 2000, Josee joined my staff bringing years of experience, wisdom and dedication to public service. Since then, she has tirelessly worked for thousands of constituents in central Florida as well as servicing as a mentor to her colleagues.

The many constituents in the 12th District of Florida owe the successful outcome of their complex casework to Josee Duchesneau. Josee's work on immigration cases, among others, has helped countless people experience the true American Dream. The unparalleled efforts on behalf of constituents and their loved ones have made life changing impacts throughout central Florida.

Josee has dedicated her entire career to serving those in the 12th Congressional District and embodies everything that the American taxpayer deserves in a civil servant. The House of Representatives, the State of Florida and our entire nation owe Josee a debt of gratitude for the service she has provided to so many. I know I speak for her colleagues in Washington, DC, and Bartow when I say we that she epitomizes what it truly means to give selflessly; we are proud of her many accomplishments and look forward to the many constituents she will assist in the years to come.

I ask my colleagues to join me in honoring Josee Duchesneau for her 25 years of service to the House of Representatives. On behalf of the 12th Congressional District, I would like to thank Josee for her diligent efforts and continued success.

IN HONOR OF DR. GERALD M. LEMOLE, M.D., 2008 RECIPIENT OF THE WILMINGTON SENIOR CENTER'S LIFETIME ACHIEVEMENT AWARD

**HON. MICHAEL N. CASTLE**

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

*Sunday, September 28, 2008*

Mr. CASTLE. Madam Speaker, it is with great pleasure that I rise today to recognize Dr. Gerald M. Lemole, M.D. Dr. Lemole is the 2008 recipient of the Wilmington Senior Center's Lifetime Achievement Award. The Wilmington Senior Center bestows this prestigious award upon an older adult whose accomplishments are particularly laudable. As one of our nation's foremost cardiothoracic surgeons, Dr. Lemole is certainly deserving of such an honor.

Following his graduation from Villanova University in 1958 and after earning his doctor of medicine degree from Temple University in 1962, Dr. Lemole completed an internship at Staten Island University and his residency at Temple University Hospital. From 1967 to 1969, Dr. Lemole received cardiac training from Baylor College of Medicine in Houston, Texas. Serving as an instructor in surgery at Baylor in 1968, he was part of the surgical team that performed the first successful heart transplant in the United States.

Returning to Temple University in 1969, Dr. Lemole quickly made his mark on the Tri-State area, performing the first coronary bypass that same year. At 32, he became Chief of Cardiothoracic Surgery at Temple University, Chief of Surgery at Deborah Heart and Lung Center at 35, and a full professor of surgery at Temple University at 38, making him one of the youngest individuals in the United States to achieve such a position. Dr. Lemole re-located to Delaware in 1986 in order to establish our State's first open heart surgery program, where he has since continued to save numerous lives as well as train and mentor other promising surgeons on the staff in the Christiana Care Health System. He also serves on the staff at A.I. Dupont Hospital in Wilmington, Delaware, along with several hospitals in the Greater Philadelphia area.

As an accomplished physician and brilliant instructor, Dr. Lemole has lectured extensively and authored many articles for various publications. He has served as a visiting professor at several colleges and universities both in the United States and abroad, including the University of Istanbul, where he performed Turkey's first successful coronary bypass surgery in 1982.

I thank and acknowledge Dr. Gerald Lemole for his dedicated service to our nation and the State of Delaware. With honed precision and an exceptional medical mind, Dr. Lemole has touched countless lives in his over forty years of surgical practice. He is a truly worthy recipient of the Wilmington Senior Center's Lifetime Achievement Award.

**EARMARK DECLARATION**

**HON. CHRISTOPHER H. SMITH**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Sunday, September 28, 2008*

Mr. SMITH of New Jersey. Madam Speaker, I submit the following: