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 refinance 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.

The bank of trust in this administration is absolutely bankrupt. They have misled, lied, misrepresented, whatever word you want to use, on issue after issue. And now they give us 7 days. Come back, take out your wallet, and give them everything that's in it, $700 billion. Well, actually, we don't have to give them anything. We're going to borrow it from the Chinese. Let's borrow our way.

When will they talk about how you pay for the profligacy of this administration?

S.J. RES. 45, GREAT LAKES-ST. LAWRENCE RIVER BASIN WATER RESOURCES COMPACT

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

Mr. STUPAK. Mr. Speaker, today the House will vote on the Great Lakes-St. Lawrence River Basin Water Resource Compact. I am asking Members to vote ''no'' and slow down the approval of this compact.

I am deeply concerned that this compact would allow Great Lakes water to be defined as a ''product.'' By allowing water to be defined as a ''product,'' the compact could subject the Great Lakes to international trade agreements such as the North American Free Trade Agreement, NAFTA; or the World Trade Organization, WTO.

There is also no language in the compact that recognizes that Great Lakes water is held in public trust. The public owns the waters of the Great Lakes, and anything Congress passes should preserve this principle.

The compact was created in response to the first large-scale threat of privatization of the Great Lakes. In 1998 the Ontario Minister of Natural Resources granted a permit to a private firm, the Nova Group, to ship millions of gallons of Lake Superior water to China. I led the fight opposing the sale of our Great Lakes water, and we were successful in pressuring the Canadian Government to suspend this permit. This case exposed the region's vulnerability to private and public entities who wished to commercialize the world's largest body of fresh water for financial gain. While the original intent of the Great Lakes Compact was to protect our water from diversions, the compact the States have sent to Congress may unintentionally have the opposite effect and set a precedent that would open up the door to water diversions.

The Great Lakes Governors have spent more than 3 years addressing the local and State implications of the compact. Unfortunately, we have not undergone the same deliberative process. We have spent less than 20 legislative days since the introduction of this legislation. We have conducted no hearings to consider the Federal and international implications. Congress is rushing to a vote when one of our Nation's most precious natural resources, the Great Lakes, is at stake. So before we ratify the Great Lakes Compact, the following questions must be fully investigated:

First, how does the compact's exemption of water in containers smaller than 5.7 gallons affect the Federal prohibition on diversions under the Water Resources Development Act?

Second, will creating a Federal definition of Great Lakes water as a ''product'' subject it to international trade law or agreements such as NAFTA or WTO?

Third, what actions taken by the Great Lakes States to protect the Great Lakes from international commercial entities who seek to privatize the Great Lakes ever be subject to claims under GATT, the General Agreement on Tariffs and Trade; or the WTO?

I have asked these questions to the International Joint Commission, the United States Trade Representative, and the Department of State before Congress adjourned for the August recess. While these agencies have acknowledged my requests, they were unable to provide any substantive answers. Without answers to these questions, Members should vote ''no'' on this legislation. I do not know how any Member in good conscience could vote to approve legislation that may unintentionally open the Great Lakes water to diversions through privatization, commercialization, and exportation. So I urge my colleagues to slow this process down. There is no time limit on this agreement. We can take our time.

So I urge you to vote ''no'' on Senate Joint Resolution 45 so we may fully address the questions and pass a compact that truly protects the Great Lakes.

THE BAILOUT LEGISLATION

The SPEAKER pro tempore. The Chair recognizes the gentleman from Vermont (Mr. WELCH) for 2 minutes.

Mr. WELCH of Vermont. Mr. Speaker, I want to read a letter from a Vermonter about this bailout. It's from a banker.

''I am a community banker who is irate about the recent developments on Wall Street and recent bailouts that our government has undertaken. The great, great majority of banks in this country never made one subprime loan, and 98 percent are well capitalized. We are working every day to serve our communities and provide loans to consumers and small businesses. Banks have paid tens of billions of premiums to fund the FDIC insurance fund, and we know we are going to have significantly increased premiums for years to come. We accept that and we don't ask for or need a bailout.

''Bear Sterns, Fannie Mae, Freddie Mac, and AIG are not banks. Yet we hear constant talk about 'bank problems' and 'bank bailouts.' Now Congress is going to vote on legislation to consider a fund with billions of dollars in it to buy distressed assets and some want to add amendments that will hurt my bank, the local community bank, such as changes in the bankruptcy laws.

''My bank is trying to serve its community and make loans, but it cannot do that when policymakers are adopting policies that may make it hard to lend and increase regulatory costs. While a stable financial system is essential, these measures cannot be done at the expense of community banks like mine. I implore you to please consider the impact of these proposals and oppose any effort to include provisions that would hurt our community banks.''

BY HELPING MAIN STREET, WE CAN HELP WALL STREET

The SPEAKER pro tempore. The Chair recognizes the gentleman from New Jersey (Mr. HOLT) for 2 minutes.

Mr. HOLT. Mr. Speaker, here's the problem as I understand it with the financial crisis that is called the worst in decades, maybe ever.

Time and complicated securities. The rescue must be done immediately or else the financial house will collapse, Paulson says. Second, the taxpayers say they don't know if they are getting anything of fair value for the $700 billion they are asked to put up. No one knows the value of these securities, and Paulson says there isn't time to find out. Trust him, he says. He won't pay too much. Maybe the market can even help him determine the fair value.

Yes, we may need to act quickly to staunch the crisis of confidence. Yes, the government may have to commit a lot of money to prop up the value of the investments. But rather than coming to the rescue by standing behind the investment paper, which is a mix of good and bad mortgages that have poisonous bad mortgages mixed with good, rather than committing $700 billion to something that Paulson and Bernanke and others say they don't really understand, why not stand behind the mortgages themselves? At least then the public will know what they are getting for their $700 billion and it will help the homeowner, the neighborhood, the community, and the investor.

There is an antecedent. The Home Owners' Loan Corporation of the 1930s through the 1950s helped people, individuals, with their mortgages. It was a Federal program that shored up a collapsing market. And, incidentally, when it finally went out of business, it showed a net plus for the taxpayer.

Let's take a breath, show the world that the Government of the United States will not let the financial house collapse. And let's go to the root of the problem.

I have been taking calls in my office from people who say ''help Main Street, not Wall Street.'' Well, in fact, by helping Main Street, we can help Wall Street. But by helping Wall Street, we don't necessarily help Main