DIRECT SPENDING LEGISLATION Authorizing Committee 302(a) Allocations for Resolution Changes—Continued

[Fiscal Years, in millions of dollars]

House Committee	2008		2009		2009–2013 Total	
	BA	Outlays	BA	Outlays	BA	Outlays
Revised allocation:						
Energy and Commerce	89	81	839	802	3,392	3,387

REVEREND, DR. CLIFFORD ANTHONY JONES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. WATT) is recognized for 5 minutes.

Mr. WATT. Mr. Speaker, I am pleased today to recognize the 25th anniversary of Reverend, Dr. Clifford Anthony Jones as pastor of the Friendship Missionary Church in Charlotte, North Carolina.

Mr. Speaker, I am pleased today to recognize the 25th anniversary of Reverend Dr. Clifford Anthony Jones as pastor of the Friendship Missionary Baptist Church in Charlotte, North Carolina.

Since moving to Charlotte 25 years ago to the accept the call to lead Friendship Missionary Baptist Church, Pastor Jones has been an important leader in our community and has made significant contributions to our State and internationally. In addition to his important religious role as the leader of a large, dynamic congregation, he is recognized as a leader in race relations, in education, and in community development. Under his leadership, Friendship Missionary Baptist Church has acquired 108.5 acres of land in Charlotte on which they are pursuing plans to develop HIV/AIDS housing, single family housing, a child care center, commercial space, an assisted-living facility for seniors, and centers for Alzheimers and hospice patients. Amidst all these accomplishments, Pastor Jones is also recognized as an outstanding husband and father and is a published author.

Pastor Jones has also been an active force internationally. He has organized and led medical and religious mission teams of doctors, nurses, technicians, and teachers to provide needed healthcare, medical supplies, and educational training in Jamaica, Africa, India, and Guyana for children and families struggling in poverty.

Mr. Speaker, I'm sure my colleagues join me in wishing Reverend Dr. Clifford Anthony Jones, Sr., and the Friendship Missionary Baptist Church congregation a happy 25th pastoral anniversary and best wishes for years to come.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Idaho (Mr. SALI) is recognized for 5 minutes.

(Mr. SALI addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. WOOLSEY) is recognized for 5 minutes.

(Ms. WOOLSEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

NO BAILOUT FOR EXECUTIVES

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, Congress is being pushed to pass a Bush administration plan to write a blank check to white collar criminals of the highest order. Instead of prosecuting those who stole from us, Secretary Paulson wants us to reward his former colleagues for their bad decisions, abusive and unlawful practices.

While my constituents are struggling to pay their gas bills, we should recall fondly the record annual bonuses Secretary Paulson's alma mater, Goldman Sachs, gave less than 2 years ago. In 2006, that investment house alone paid $16.5 billion in compensation to its employees averaging more than $600,000 per employee. In fact, Goldman CEO Lloyd Blankfein got $53.4 million that year. And Bear Stearns chief executive officer, the company that the Fed just bailed out with our money, James E. Cayne, got a stock bonus that year worth $14.8 million. Merrill Lynch chief executive officer Stanley O'Neal, he got $35.4 million. Think about this America.

Now 2 years later, those houses are demanding that our taxpayers bail out their companies, despite the fact that the real median household income of a middle class family in our country is about $50,000 a year. That doesn't matter to the people drafting this bailout.

In 2006, Forbes Magazine estimated Secretary Paulson earned $16.4 million as CEO of Goldman Sachs, not counting all his other perks. His net worth is estimated somewhere over half a billion dollars. Indeed, that tidy amount alone would make a real dent in what is owed to the American people in this proposed bailout.

So why would our middle class taxpayers be asked to bail out billionaires? Some of them should be doing time for insider trading and fraudulent accounting rather than lobbying down here in Washington for us to bail them out.

American taxpayers were forced to lay out $30 billion to help Bear Stearns.

□ 2245

And then we were asked to shell out the first $200 billion, and that could rise to $2.44 trillion, for Fannie Mae and Freddie Mac. And now, $85 billion to rescue AIG Insurance Company.

Who ever heard of the Federal Government rescuing an insurance company that was already paying, get this, civil fines in New York for its wrongdoing of over $1.6 billion on proven charges of serious accounting fraud and misconduct.

Why send our hardened paychecks to the very people who caused these problems?

Americans don't need to write checks. We need investigations, and we don't need just investigations, we need prosecutions. White collar crimes of this magnitude cannot go unpunished, nor can they get rewarded.

First, investigation. We need the American people's voices to be heard, not just the voices of those who perpetrated these crimes against us, the taxpayers. We need real congressional investigation and oversight in each of the committees of jurisdiction which seem strangely silent here, using their subpoena power, the Judiciary Committee, the Ways and Means Committee, the Energy and Commerce Committee, the Budget Committee, the Financial Services Committee, which is having a perfunctory hearing tomorrow, I guess, and Government Oversight. The silence is deadening.

The crimes of Wall Street will make Watergate look like penny-ante thieves.

Second, campaign reform. Get the Wall Street money out of congressional and presidential races. Wall Street is now the Number 1 top source of Federal campaign money to Congress and in those presidential races. And guess who's the Number 1 Wall Street giver? Goldman Sachs. And guess where our last two Treasury Secretaries have come from? Goldman Sachs.

Whether it's a Democratic administration or a Republican, not one lawmaker or candidate should be accepting Wall Street money. Wall Street is so broke as to beg for our help, but somehow they have millions of dollars to drop into political coffers.

I think the American people are beginning to get the picture. In fact, I'm putting in the RECORD tonight an article from the Wall Street Journal called Wall Street Top Source of Campaign Money, and also a list of the biggest donors on Wall Street.

Mr. Speaker, I will continue tomorrow evening to talk about justice and empowering the Department of Justice to institute a major investigation.

And let me also, in closing say, I'm going to be placing in the RECORD tonight some remarks from Americans who have ideas about what should be done.

I want to compliment the American people. You're doing a lot of thinking on your own. We need to hear from you.

This Congress shouldn't be closing down and going home. We should be taking care of America's business, not going home to campaign.

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

WALL STREET IS TOP SOURCE OF CAMPAIGN CASH

WALLETS OPEN UP ON WALL STREET

(By Brody Mullins)

Despite Wall Street's recent woes, people who work in the financial industry continue to dig deep for political donations to Republican and Democratic candidates for president.

Employees of Wall Street firms are the single largest source of campaign cash, accounting for a total of $50.4 million in financial contributions to the candidates so far this election cycle. That is more than any other industry sector, according to a Wall Street Journal analysis of campaign-finance data compiled by the nonpartisan Center for Responsive Politics.

As candidates load up for advertising blitzes before ''Super Tuesday'' primaries on Feb. 5, candidates from both parties are again coming to New York seeking campaign donations. Sen. John McCain, the Arizona Republican, had a fund-raiser at the St. Regis Hotel last night that was hosted by Merrill Lynch & Co. Chief Executive John Thain, private-equity giant Henry Kravis of Kohlberg Kravis Roberts & Co. and former Goldman Sachs Group Inc. Chairman John Whitehead.

Mr. McCain recently spent $1 million on advertising ahead of the Florida primary next Tuesday, Voters in more than 20 states, including California and New York, go to the polls Feb. 5.

New York Sen. Hillary Clinton heads to her home state tomorrow for two fund-raisers. The Clinton campaign hopes to raise $15 million through these and other means to fund her campaign through Feb. 5.

Contributions from Wall Street have favored Republicans, who have collected 54% of donations from financial companies. Wall Street is the No. 1 source of donations to every major presidential candidate in both parties, except former North Carolina Democratic Sen. John Edwards, who is favored by the legal industry, according to the data.

Lawyers and lobbyists are the second-largest source of contributions to the candidates, with $34.8 million in donations. Together, the finance and legal industries are responsible for nearly a quarter of the $354 million donated to the presidential candidates as of Sept. 30. The next round of campaign-finance information, covering the three-month period ending Dec. 31. will be released at the end of the month.

Employees of financial firms, lawyers and lobbyists make up 46% of all large donations—contributions of $200 or more—to the presidential candidates. Each of the other industry sectors is responsible for just a fraction of the donations to the candidates.

According to the data, people who work in Hollywood, communications or electronics rank a distant third with $13.3 million in donations to the candidates. Other top sources of donations were employees of the healthcare industry with $9.5 million, construction with $6.1 million and energy with $3.1 million. People who work in the defense industry gave $502,000, according to the data.

Not surprisingly, the two candidates from New York are winning the race for donations on Wall Street. Mrs. Clinton and former New York City Republican Mayor Rudy Giuliani lead with $12.3 million and $10.6 million, respectively, in campaign donations from employees of Wall Street firms

Employees of Goldman Sachs, Lehman Brothers Holdings Inc. and Morgan Stanley rank as the top individual sources of donations to the presidential candidates, according to the data.

Goldman employees were the largest contributor to Mr. Obama, the second-largest giver to Mrs. Clinton and the fifth-largest to Mr. Edwards. Goldman employees donated $369,000 to Mr. Obama and $350,000 to Mrs. Clinton.

Other top Wall Street givers to Mr. Obama include employees of Lehman Brothers ($229,000), J.P. Morgan Chase & Co. ($217,000) and Citigroup Inc. ($181,000).

The top seven companies that have produced the most money for Mr. Giuliani are all financial firms, including Ernst & Young LLP, hedge fund Elliott Management and Credit Suisse Group.

Former Massachusetts Gov. Mitt Romney also has fared well on Wall Street. A founder of Bain Capital, Mr. Romney has scored with employees of Goldman Sachs, Merrill Lynch and Morgan Stanley. Employees of his former company have donated $112,000 to his campaign, according to the data.

Unlike Wall Street, lawyers heavily favor Democrats with their political donations. Lawyers have donated $9.6 million to Mrs. Clinton, $8.2 million to Mr. Edwards and $7.9 million to Mr. Obama.

Mr. Giuliani, a former prosecutor and partner with Bracewell & Giuliani LLP, raised $3.2 million from others in his profession. That was more than any other Republican but less than half as much as the leading Democratic candidates.

Pennsylvania-based law firm Blank Rome LLP was the top source of donations to Mr. McCain, who collected $141,000 from employees of the firm. Mr. McCain fared well with employees of Greenberg Traurig LLP, a Miami firm that ranks as his third-largest contributor. As the chairman of the Senate Indian Affairs Committee, Mr. McCain took the lead in investigating convicted lobbyist Jack Abramoff, who was a lobbyist with Greenberg Traurig.

Mr. McCain and Mrs. Clinton led all others with donations from lobbyists. Mrs. Clinton collected $568,000 from lobbyists, while Mr. McCain has $340,000.

[From the Wall Street Journal, Sept. 15, 2008]

THE BIGGEST DONORS ON WALL STREET

CRUNCHED BY CREDIT CRISIS FINANCIAL FIRMS STILL FIND CASH FOR CAMPAIGN DONATIONS

(By Brody Mullins)

2008 Donor	Overall Rank	Total Given to Both Candidates	Total to Obama	Total to McCain
AT&T	20	$309,391	$135,834	$173,557
Bank of America	17	$336,377	$206,902	$129,475
Citadel Investment Group	N/A	N/A	N/A	N/A
Citigroup Inc	2	$671,450	$406,549	$264,901
Columbia University	N/A	N/A	N/A	N/A
Credit Suisse Group	16	$338,100	$188,075	$150,025
Exelon Corp	25	$285,461	$239,561	$45,900
General Electric	22	$300,149	$231,318	$68,831
Goldman Sachs	1	$853,575	$648,480	$205,095
Google Inc	11	$421,991	$404,191	$17,800
Greenberg Traurig LLP	23	$295,932	$145,545	$150,387
Harvard University	9	$440,615	$407,219	$33,396
IBM Corp	N/A	N/A	N/A	N/A
Jones Day	15	$344,380	$272,755	$71,625
JPMorgan Chase & Co	4	$585,035	$412,960	$172,075
Keating, Muething & Klekamp	N/A	N/A	N/A	N/A
Latham & Watkins	14	$359,846	$270,595	$89,251
Lehman Brothers	8	$478,982	$361,482	$117,500
Merrill Lynch	7	$487,435	$190,522	$296,913
Microsoft Corp	13	$376,952	$326,847	$50,105
Morgan Stanley	5	$541,493	$307,221	$234,272
National Amusements Inc	19	$312,050	$301,000	$11,050
PricewaterhouseCoopers	N/A	N/A	N/A	N/A
Sidley Austin LLP	10	$425,976	$329,776	$96,200
Skadden, Arps et al	12	$388,700	$320,550	$68,150
Stanford University	N/A	N/A	N/A	N/A
The Villages	N/A	N/A	N/A	N/A
Time Warner	24	$290,138	$269,213	$20,925
UBS AG	6	$512,509	$382,494	$130,015
University of California	3	$608,999	$576,839	$32,160
US Army	N/A	N/A	N/A	N/A
US Dept of Justice	N/A	N/A	N/A	N/A
US Government	18	$335,014	$197,897	$137,117
WilmerHale	21	$303,572	$275,132	$28,540
Zurich Financial Services	N/A	N/A	N/A	N/A

Source: Center for Responsive Politics.

Re: Key ideas for improving the Paulson Plan

To: Key Policymakers in Congress

From: Dr. Brent Blackwelder, and James S. Henry, Esq.

Date: September 23, 2008

Based on our our conversations this morning with several thoughtful observers here are some additional specific ideas for improving the Paulson Plan.

The overall perspective is that Congress should concentrate now on a short list of crucial improvements to the Plan that are most important to the public. In our view, these are the following:

1. *Equity ''Upside'' and Voting Power.* In return for the undeniable new risks that US taxpayers are taking on, and the poor management track record of leading Wall Street institutions, it is reasonable to insist that they receive an ''upside'' on the value of participating financial institutions (FIs) themselves as well as on the potential increased value of acquired mortgage-backed assets. This proposal commands widespread support in this panel.

Technically, this could be accomplished by demanding preferred shares (with anti-dilution provisions) from any financial institutions (FIs) that receive assistance, as was routinely done by Bank of Japan in exchange for financial assistance during the Japanese bank restructuring of the 1990s, and by the Chilean government during the February 1983 bank nationalization.

Warrants might also be used, as was done in the case of the 1979 $1.2 billion Treasury loan guarantee to Chrysler. (According to Sen. Bradley, the Federal Government eventually made money on those warrants.) We believe that while warrants are easier to implement, it is vital to insist on actual equity (including voting power). This will provide the Treasury with much more direct influence over management behavior, will be easier to value, and will also be easier to explain to the public than warrants.

2. *Clawback Provisions for Executive Severance Pay.* The basic principle here is that for senior FI executives, there should be accountability for some time period even after they leave office—at a minimum, any future compensation or severance that they receive should be subject to stiff taxes or repossession in bankruptcy court. Insisting on compliance with this standard should be a condition for participation in the bailout.

3. *Share the Pain.*

A. Emergency Taxes. Since this very costly bailout package may severely limit the ability of the Federal Government to afford vital programs like health insurance reform and alternative energy, it is important that we deal now with the substantial ''tax justice'' implications of the bailout.

One way to do this would be to start treating this as the national emergency that it really is, and help ordinary taxpayers pay for it by: (1) eliminating the carried-interest benefits for hedge fund managers; (2) cracking down on offshore havens—no FIs should be permitted to establish subs or place SPVs in them; (3) imposing at least a temporary increased income tax rate on all people with incomes above $1 million and on all estates above $10 million.

B. Compulsory Write-Down/Debt Reduction of Residential Mortgages. Given the failure of this summer's relief packages for ordinary mortgage holders to have much impact, and the fact that foreclosures are still increasing (to a record 100,000+ per month, and that housing prices are still falling in a majority of key markets, this is an another essential measure. The debt restructuring should be implemented quickly, affect large numbers of people, and be inversely proportional to mortgage size. It might also be means-tested.

4. *Financial Products Safety Commission.* This would review and certify the quality of all financial products offered to the general public. Products like zero-down payment mortgages would require special labeling, and might not qualify for government incentives like interest deductibility, access to the government insurance window, and so forth.

5. *Treasury-Created Market for MBS Insurance.* As discussed in the draft article below, a very novel idea is that the US Treasury might be able to use current authority to offer ABX-like insurance at a fixed price per tranche to institutions that hold MBSs. According to Professors Kotlikoff and Merlin, if such a government-backed insurance market were in place, backed by a significant reserve against losses, it might even obviate the need for the entire $700 billion, while creating a market-based workout alternative.

As Mr. Henry has suggested, this could be combined with #1, if FIs were allowed to pay for the insurance with equity or warrants. This would also have the benefit of helping to recapitalize troubled FIs.

6. *New ''Pecora Commission'' (ala 1932):* a congressional committee with subpoena power to investigate the root causes of this crisis and recommend further steps.

THE RIGHT FINANCIAL FIX

SEPTEMBER 21, 2008

Fortunately, the Treasury and Fed are looking for a ''comprehensive approach to address the illiquid assets on bank balance sheets.'' Their idea is to swap up to $700 billion in Treasuries for the ''toxic'' assets, putting a floor on bank losses and leaving the government to hold the risky assets until conditions improve. The big question is the swap rate; i.e., how to price these thousands upon thousands of illiquid securities so that both taxpayers and bank shareowners are fairly treated.

Treasury Secretary Paulson wants to run auctions to determine prices, but this will take time to set up and may be impractical given the highly complex nature of many of the securities involved. Furthermore, those holding the worst securities will be the most eager to sell.

Our answer is to rely on the same pricing mechanism, but not the same prices, used before things hit the fan. In the good old days, mortgage derivatives were priced by reference to the cost of buying default insurance on five tranches of a bundle of 20 standard subprime mortgages. The top tranche (AAA) provided the highest probability of full repayment. The lowest tranche (BBB) had the lowest probability. In between were another 3 tranches. The market for these insurance contacts is called the ABX.

Avant le deluge, you could use ABX prices to figure out what a given tranche of a standard mortgage-backed security was worth. It would simply be the cost of buying a safe bond—a Treasury—with the same coupon plus paying the ABX-determined price for default insurance for that tranche. The reason is that once you had purchased the insurance, you are guaranteed a safe income stream; i.e., you were guaranteed the equivalent of a Treasury bond. More exotic mortgage-backed securities, with now scary initials, like CDOs, could also be priced using the ABX.

So here's our specific idea. Rather than ask Hank Paulson to determine the price of each and every toxic asset, let's have him simply set prices for the ABX insurance policies (or credit default swaps, as they are called). Right now these insurance policies are selling for crazy prices because nobody can insure against systemic risk. Nobody, that is, except the government. The government is in a unique position to insure against system-wide risk because its own decisions determine, to a very large degree, the extent of this risk.

Were the government to start selling the ABX insurance policies at reasonable prices, our Cinderella mortgage-derivatives market would suddenly wake up and start pricing every mortgage-related security in sight based on these ABX prices. If Hank does this, the market will do essentially all the pricing; Hank will have only a handful of prices to set, not thousands.

But how does Hank set those prices? What's fair? What's fair are insurance policy prices that assumes no system collapse, a modest additional decline in house prices, a mild recession, and modest additional increases in default rates. Yes, these are optimistic assumptions, but that's the economic outcome the government is arranging and it needs to signal its resolve.

Once the five prices are set, Hank can keep the $700 billion in his pocket. The Treasury will be receiving premium payments as it sells the ABX policies—premiums that it will need to keep in reserve.

What will happen to the banks? With reasonable ABX insurance prices, their toxic assets will take on reasonable values. This will restore their balance sheets and allow them to keep operating. Yes, this will help bank shareholders, but they will still end up far worse off than at the beginning of this crisis. Taxpayers will keep their $700 billion pistol dry for another day.

Playing the ABX market-maker is step one for the government. Step two is reorganizing banks whose capital is still too low even when its ''toxic'' assets are revalued. This means helping such troubled banks finding a marriage partner. Step three is reregulating the entire financial sector. This includes establishing a Federal Financial Authority that stamps a seal of approval on consumer financial products that it deems to be safe, that rates individual securities, and that audits the books and rates the performance of each and every one of our nation's major companies.

The final step, and the most important, is to require financial institutions to report on line and in fine detail everything they know about the assets they hold. The principle here is simple enough even for Wall Street ''geniuses'' to understand. If you want to sell the public a product, including your stock, you need to explain what it is.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. MORAN) is recognized for 5 minutes.

(Mr. MORAN of Kansas addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. LYNCH) is recognized for 5 minutes.

(Mr. LYNCH addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

(Mr. DEFAZIO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)