

United States Congress, was told that we had but one alternative, and that if we did not pass it quickly in the time period specified by the executive branch, that our economy would be severely damaged.

It has been my opinion that we were elected to serve in this Congress by the sovereign people of the United States, to make important decisions on their behalf, to do it with our due diligence and our devotion that it's due, and to come up with a positive solution to their situation.

Last night, as I watched the President of the United States explain his view of this, I was struck by the fact that again we were told that if we did not give unlimited amounts of money, up to \$700 billion, and unlimited powers—with lack of adequate oversight—to the executive branch, that we were failing in our due diligence and responsibilities to the American people.

I heard the President of the United States say that if we do not support what they put forward as the only alternative to this crisis, we do not understand the need to act. That statement is false. We understand the need to act.

We heard from the President of the United States that if we did not support his plan and the Paulson plan, that we did not care about American families. That statement is false. We care very much about American families.

What we did not hear was a recognition that a three-page document that gives to the Treasury Secretary and the Chairman of the Federal Reserve unlimited powers—the likes of which Stalin and Mao killed people for—was not an acceptable response to give to this separate, equal branch of government.

Today, we are told that House Republicans are standing in the way of a \$700 billion use of your tax dollars to bail out the very people who caused this problem. Guilty as charged. House Republicans believe that there is an alternative.

The administration tells us that their first, last, only resort is to go to the taxpayers and bail out Wall Street. We fundamentally disagree with this. What we believe should happen is Wall Street should bail out Wall Street. House Republicans believe that the toxic assets that are clogging up our economy should first attempt to be recapitalized by the people sitting on the sidelines with their money waiting for you, the taxpayer, to be fleeced and put it in so they are confident that the market will work. This is not making the market work.

I heard from the President last night that the free market has failed.

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The free market has not failed. The free market is correcting from the bad deeds of actors within that market. It is the government that is trying to interfere in the market for political purposes.

We cannot reinflate the bubble to save the American economy. What we need to do is be responsible and lay forward a private recapitalization plan with appropriate backstop that first and foremost protects the innocent, namely the taxpayers. The people who on Main Street invested and saved and had good credit their entire lives should not be asked to go back in and help the cowboy capitalists who shot themselves in the foot. House Republicans understand this. Just as we understand the need to act quickly, we also understand the need to act appropriately.

This is not an attempt to engage in an argument with the President. I have admiration for the President. And I have supported the President, as have House Republicans, when he has been correct. But he is in error now. House Republicans stood and supported the Petraeus surge so our troops would have victory in Iraq. Today House Republicans oppose the Paulson splurge so that we can have prosperity in America over the long run. And make no mistake. We understand the gravity of this situation. But we will not engage in a rush to judgment that destroys the possibilities of a free market and prosperity for American families for decades to come.

We will not walk out of this room after a forced vote, waving a piece of paper in our hands and claiming “peace in our time.” We will do the job we were entrusted. And we will get the job done.

IT IS IMPRUDENT FOR CONGRESS TO RUSH TO BAIL OUT WALL STREET

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

Mr. GARRETT of New Jersey. As the gentleman just explained, the dilemma that we are in and where the proper recourse or result should go to at this point and what the solution that has been presented us is not the correct solution, and that alternatives such as allowing the free market to develop, lowering taxes on capital gains and the like, allowing the private sector to develop an alternative, which has already occurred through the RSC and other forms here in the Republican Conference, is perhaps the better avenue to pursue.

Let me, though, take the next 3 or 4 minutes to answer the question that many in the American public are asking tonight, how in the world did we ever get here?

Well, many financial analysts will tell you that the underpinnings of the problems that we are facing today in the credit markets on Wall Street that are affecting the homeowners on Main Street go back a number of years and apply to the situation with the GSEs, that is Fannie Mae and Freddie Mac. And the suggestion is that had they

been appropriately regulated over the years, we would not be in this severe financial crisis that we are in today.

So who was raising those red flags years ago to say what should have been done? Well if we go back, let's see, 1, 2, 3, 4, 5, 6 years to 2001, in fact it was the Bush administration that began raising some red flags. In 2002 in their budget request they declared that the size of Fannie and Freddie is “a potential problem” and could cause financial trouble and either one of them could cause strong repercussions in the financial markets. That was back in 2002.

2003 is when I joined Congress and served on the Financial Services Committee. I immediately began to call for a step-up in regulations of Fannie and Freddie. The White House was at the same time doing the same thing. They said in 2003, the White House was warning about Fannie Mae and Freddie Mac that they needed an upgrade in what we call world-class regulation to address something called systemic risk, a risk that could spread beyond just the housing sector. In the fall of 2003 the administration was pushing Congress hard to create a new Federal agency to regulate and to supervise both Fannie and Freddie, these government-sponsored entities. They and I and other Members from our side of the aisle said that we need a strong world-class regulator to oversee their operations of their safety and soundness.

As a matter of fact, I recall a hearing when the then-Secretary of the Treasury, Secretary Snow, came in. And he made that point as well. But I also remember him getting a lot of pushback from both sides of the aisle, but also from the gentleman who is now the chairman of the Financial Services Committee. It was back on September 25, 2003, when he was in the minority at that time, but he is now the chairman of the Financial Services Committee today, Barney Frank said “there are people in the country who are prepared to lend money to Fannie Mae and Freddie Mac at less interest rates than they might get elsewhere. I thank those people for doing that. I must tell them that I hope that they are not doing that on the assumption that if things go bad, I or my colleagues will bail them out. We will not.”

Well the legislation that has come through in July did exactly that, bailed them out to the tune of over \$200 billion. The legislation that the gentleman who just came before me just spoke about will be bailing out the financial industry to the tune of \$700 billion.

Mr. FRANK goes on to say, “I think it is clear that Fannie Mae and Freddie Mac are sufficiently secure so they are in no great danger.”

Well of course we see what has happened to them. We just had a hearing on them today. And they are now in conservatorship. They were in great danger. They were in danger of systemic risk, which has eventually brought them down.

He also said on that day, "I don't think we face a crisis. I don't think we have an impending disaster." We all just heard the President of the United States on TV last night. He described the crisis that the United States is in right now. Whether you call that an impending disaster, whether we take action or not, I don't know whether Mr. FRANK would say or those who pushed back to Mr. Snow, who pushed back to the administration, who pushed back to those of us on this side of the aisle that said we need to move forward and try to address the issue of systemic risk.

Unfortunately those efforts did not come about. We never got the world-class regulator in over the GSEs until it was too late. And now we are left with the situation at hand.

The gentleman who came before spoke of the dilemma that we are faced with, a Hobbesian choice of sorts in the way it was presented last night: Either you do this or everything will fall apart. Well we suggest that there is an alternative to the proposal that the administration has proposed. We humbly suggest that alternative should be considered in a thoughtful and thought-out process, not one that is a rush to judgment, not one that would put the American taxpayer on the hook, one that would ask the private sector to take their lead and take their step in the process as well.

We would ask for the time in order to engage in the process.

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

(Mr. PENCE 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 Texas (Mr. GOHMERT) is recognized for 5 minutes.

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

IT IS INAPPROPRIATE TO TURN OVER OUR ECONOMIC SYSTEM TO THE GOVERNMENT

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

Ms. FOXX. Madam Speaker, I feel certain that some of my colleagues have already broached the issue of the topic that has been consuming us around here for the last 4 days, and that has been the topic that is most being discussed on the news and I think by many Americans. I know that in speaking to my colleagues on both sides of the aisle, that we have all received many, many telephone calls about the issue of our economy. And again it is very much on our minds and

it is the thing that is pretty much dominating everyone's thinking.

I came tonight because last night I talked a little bit about the situation that we have and my concern about the blame game. Ever since there was the announcement that we have a problem with our economy that the President and Secretary of Treasury have announced that we need to do something drastic about our economy, there have been a lot of people pointing fingers. We've heard a lot, particularly from the Democrats, saying that this is a Republican problem, you deal with it. But as we see more and more in the news and more and more in documents, we learn that Republicans and even nonpartisan people such as Alan Greenspan when he was chairman of the Federal Reserve warned that something needed to be done about this situation or we were going to very much be in the situation that we find ourselves in and that the root of this problem was the problem with the two agencies called Fannie Mae and Freddie Mac. These are agencies that were set up many years ago to deal with helping people who were low-income people or disadvantaged people or minorities get low-income loans and be able to buy homes.

We've learned again a great deal about the fact that there was insufficient oversight of those two agencies, and that when Republicans raised the issue of better oversight, more effective oversight, they were often blocked. There was an article in Friday's Washington Post by Al Hubbard and Noam Neusner entitled "Where Was Senator Dodd?" And the subheadlines, "Playing the Blame Game on Fannie and Freddie." I would like to submit the entire article. I'm not going to read it all.

Madam Speaker, let me just read a bit of it. "Taxpayers face a tab of as much as \$200 billion for a government takeover of Fannie Mae and Freddie Mac, the formerly semi-autonomous mortgage finance clearinghouses. And Senator Christopher Dodd, the Democratic chairman of the Senate Banking Committee, has the gall to ask in a Bloomberg Television interview, 'I have a lot of questions about where was the administration over the last 8 years.'

"We will save the senator some trouble. Here is what we saw firsthand at the White House from late 2002 to 2007: Starting in 2002, White House and Treasury Department economic policy staffers, with support from then-Chief of Staff Andy Card, began to press for meaningful reforms of Fannie, Freddie and other government-sponsored enterprises."

And then it goes on to talk about it. And it chronicles all of the problems that were put up to the administration when they brought these issues up. There are many, many other articles that are out, as I said, talking about this.

Now, I am not one who is in favor of the plan that was brought to us by Sec-

retary Paulson at the beginning of this week. Many of us here really believe in this country, and we believe in the principles that undergird this country. They are the rule of law, our Judeo-Christian heritage and capitalism. Those are the things that have made our country great. And it is not appropriate to turn over our economic system to the government.

[From the Washington Post, Sept. 12, 2008]

WHERE WAS SEN. DODD?

(By Al Hubbard and Noam Neusner)

Taxpayers face a tab of as much as \$200 billion for a government takeover of Fannie Mae and Freddie Mac, the formerly semi-autonomous mortgage finance clearinghouses. And Sen. Christopher Dodd, the Democratic chairman of the Senate Banking Committee, has the gall to ask in a Bloomberg Television interview: "I have a lot of questions about where was the administration over the last eight years."

We will save the senator some trouble. Here is what we saw firsthand at the White House from late 2002 through 2007: Starting in 2002, White House and Treasury Department economic policy staffers, with support from then-Chief of Staff Andy Card, began to press for meaningful reforms of Fannie, Freddie and other government-sponsored enterprises (GSEs).

The crux of their concern was this: Investors believed that the GSEs were government-backed, so shouldn't the GSEs also be subject to meaningful government supervision?

This was not the first time a White House had tried to confront this issue. During the Clinton years, Treasury Secretary Larry Summers and Treasury official Gary Gensler both spoke out on the issue of Fannie and Freddie's investment portfolios, which had already begun to resemble hedge funds with risky holdings. Nor were others silent: As chairman of the Federal Reserve, Alan Greenspan regularly warned about the risks posed by Fannie and Freddie's holdings.

President Bush was receptive to reform. He withheld nominees for Fannie and Freddie's boards—a presidential privilege. While it would have been valuable politically to use such positions to reward supporters, the president put good policy above good politics.

In subsequent years, officials at Treasury and the Council of Economic Advisers (especially Chairmen Greg Mankiw and Harvey Rosen) pressed for the following: Requiring Fannie and Freddie to submit to regulations of the Securities and Exchange Commission; to adopt financial accounting standards; to follow bank standards for capital requirements; to shrink their portfolios of assets from risky levels; and empowering regulators such as the Office of Federal Housing Oversight to monitor the firms.

The administration did not accept half measures. In 2005, Republican Mike Oxley, then chairman of the House Financial Services Committee, brought up a reform bill (H.R. 1461), and Fannie and Freddie's lobbyists set out to weaken it. The bill was rendered so toothless that Card called Oxley the night before markup and promised to oppose it. Oxley pulled the bill instead.

During this period, Sen. Richard Shelby led a small group of legislators favoring reform, including fellow Republican Sens. John Sununu, Chuck Hagel and Elizabeth Dole. Meanwhile, Dodd—who along with Democratic Sens. John Kerry, Barack Obama and Hillary Clinton were the top four recipients of Fannie and Freddie campaign contributions from 1988 to 2008—actively opposed such measures and further weakened existing regulations.