

This discontinuity either needs to be carefully explained in the draft TSD or the conclusions changed.

WALL STREET REFORM AND CONSUMER PROTECTION ACT OF 2009

SPEECH OF

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 2009

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 4173) to provide for financial regulatory reform, to protect consumers and investors, to enhance Federal understanding of insurance issues, to regulate the over-the-counter derivatives markets, and for other purposes:

Mr. KUCINICH. Madam Chair, I rise today in opposition to H.R. 4173. Although I am supportive of the Consumer Financial Protection Agency as well as other provisions in the bill, ultimately I do not think H.R. 4173 adequately addresses the causes of the financial crisis, and I do not believe the reforms are sufficient to prevent another financial crisis from occurring.

In testimony before the Committee on Financial Services earlier in the year, Dr. Robert Johnson of the Roosevelt Institute stressed that reform of the derivatives markets is absolutely central to fixing the financial system. In fact, he went so far as to say that without strong and comprehensive derivatives reform, any effort to address the problem of systemic risk would be rendered impotent.

H.R. 4173 makes some progress toward regulating derivatives by establishing regulations for clearing and regulating over-the-counter derivatives; however the bill—especially in light of the House's adoption of the Murphy amendment—contains a number of loopholes that sophisticated financial industry insiders will exploit with ease. For example, the Murphy amendment's expansion of the exemption of derivatives users, jeopardizes the integrity of the whole reform. As Dr. Johnson said in his testimony, the challenge is to "[preserve] as much scope for deriving value from derivative instruments for end users without making the definition of end user so broad that it allows large scale financial institutions to effectively continue their unregulated OTC practices and at the same time assures that end users do not themselves, through loopholes, contribute to a weakening of the integrity of the financial system." H.R. 4173 does not accomplish this.

Credit rating agencies were also at the heart of the financial crisis. It was their bogus ratings on opaque securitizations and other financial products that fueled the asset bubble, and it was the fundamental conflict of interest in their "issuer pays" business model that strengthened their position in the industry.

Unfortunately H.R. 4173, rather than address the fundamental conflict of interest in the "issuer pays" model, instead sidesteps the issue and gives the Securities and Exchange Commission more authority to mitigate conflicts of interest. The years leading up to the financial crisis, however, taught us some very important lessons regarding the enforcement authority of the SEC: when officials at the Agency operate with a philosophical disagree-

ment with its mission, it does not matter what tools they have; they simply will not use them. In the interest of long-term, systemic reform, H.R. 4173 should have directly addressed this problem.

As everyone knows, another major cause of the crisis was gargantuan, systemically-interrelated institutions headed by shortsighted executives that scarcely had a notion of their complexity. H.R. 4173 attempts to address "too big to fail" by creating a resolution authority for unwinding and dissolving large institutions that have failed. Simply put, too big to fail is too big to exist. Real financial reform would include prohibiting financial institutions from metastasizing to the point where they threaten the whole system. Real reform would also include limits on interconnectedness and risk. In the words of Nobel laureate Joseph Stiglitz, "Such an approach won't prevent another crisis, but it would make one less likely—and less costly if it did occur."

Yet another cause of the financial crisis was the contagion that spread from the \$8 trillion housing bubble that burst. The housing bubble was fueled by predatory and subprime mortgages that were securitized on a massive scale. The manager's amendment included language from H.R. 1728, the Mortgage Reform and Anti-Predatory Lending Act, and I applaud Chairman FRANK for acknowledging the importance of including this legislation. The manager's amendment also included \$1 billion for the Neighborhood Stabilization Program to help communities address the problem of abandoned and foreclosed properties. My Domestic Policy Subcommittee did important work on how to target this federal assistance most effectively, I was glad to see its inclusion, and I supported the manager's amendment.

Curiously absent from H.R. 4173, however, is real reform of the process of securitization or any acknowledgement whatsoever that the federal government, through interventions at the Federal Reserve and the Treasury, is the securitization market right now. H.R. 4173 would only require that securitizers retain 5 percent of their assets, called "skin in the game." However, regulators would have the power to raise that amount, but only to 10 percent, and could also eliminate it altogether. This would hardly act as a deterrent to what has become an abused practice. Securitization, done wisely and thoughtfully, is vital to our economy; however by failing to address this issue H.R. 4173 simply allows the abuse of securitization to continue.

There is no reform of the government-sponsored enterprises (GSEs) that subjugated the "public good" aspect of their missions to the demands of their investors for higher profits.

Finally, H.R. 4173 does not fix the problem caused by the conflict of interest in the Federal Reserve's dual mandate. I applaud the efforts of my colleagues RON PAUL and ALAN GRAYSON to include in the bill the authority of the Government Accountability Office to conduct audits of the Federal Reserve, but the financial crisis—and the government's extraordinary response—taught us monetary policy and regulatory policy must be exclusive. Relying on one entity to conduct both activities so vital to a healthy financial system will inevitably give rise to conflicts of interest. This bill, however, further conflates these policies at the Fed by giving the Fed more regulatory authority.

H.R. 4173 cannot be the end of this process, but I fear passage of this bill will preclude further consideration of financial reform. If Congress rests on the laurels of H.R. 4173, we will be back here sooner rather than later to debate the same issues all over again. I look forward to continuing efforts to enact real, comprehensive reform of the financial services industry.

TRIBUTE TO OFFICER PHILIP DAVIS OF PELHAM, ALABAMA

HON. SPENCER BACHUS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 2009

Mr. BACHUS. Madam Speaker, let us honor of the memory of Officer Philip Davis, the first officer in the history of the Pelham, Alabama Police Department to die in the line of duty.

Officer Davis was performing his sworn duty to protect the public when he was shot and fatally wounded during a traffic stop on I-65 in Shelby County on December 3.

Philip Davis was a four and a half year veteran of the Pelham Police Department. He previously was an officer in Calera and with the University of Alabama Police Department.

Officer Davis was devoted to the law, his community, his faith, and especially his family. He felt that it was his calling to serve and protect others.

Pelham Police Chief Tommy Thomas said, "He was an excellent police officer. He loved his job and we loved him."

Shelby County District Attorney Robbie Owens said, "Philip was a genuinely good, Christian person and dear police officer. We will all miss Philip. He was a good man."

Pelham Mayor Don Murphy said, "This was a very sad day for the City of Pelham and for law enforcement all across our nation. Philip was an asset to both the Police Department and the City of Pelham. His dedication, personality and commitment will be greatly missed. Our thoughts and prayers are with his young family."

Philip Davis was just 33 years old. Our sympathies and prayers are with his wife, Paula, and his two young children, Sarah and John.

In a close-knit community like Pelham, Philip Davis was a friend, neighbor, and role model.

The depth of the community's love for him was clear from the way citizens lined up in cars and along the streets during memorial services that were attended by more than one thousand fellow law enforcement officials.

All law enforcement officers and their families live with a special burden every day. They know there are risks involved with every call, whether it is serious or seemingly routine. Yet our police officers willingly accept these risks in order to keep our communities safe. That is why our officers deserve nothing less than our highest respect and complete support.

The untimely death of any police officer is a loss not only to the immediate community, but to our nation.

The National Law Enforcement Officers Memorial in Washington, which is not far from the U.S. Capitol, is our national tribute to the sacrifices that courageous members of the law enforcement community have made to keep us secure. The name of Officer Philip Davis

will be added to this memorial so that his legacy is properly remembered and cherished.

No words can adequately make up for the loss of a dedicated officer and devoted husband and father. But as an inscription at the Memorial reads, "It is not how these officers died that made them heroes; it is how they lived."

I thank my colleagues for this opportunity to honor to life and service of Officer Philip Davis.

REMEMBERING THE LIFE OF MR.
JOSE LAGOS

HON. ALCEE L. HASTINGS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 2009

Mr. HASTINGS of Florida. Madam Speaker, I rise today to honor the life of humanitarian and compassionate activist, Mr. Jose Lagos. Mr. Lagos died of cancer on November 30, 2009 at Jackson Memorial Hospital in Miami, Florida at the age of 45. My heartfelt condolences go out to his family and friends at this most difficult time.

Emigrating from his home country of Honduras, Mr. Lagos spent his life working to improve South Florida's immigration policies. He was born on April 11, 1964 in the Honduran capital of Tegucigalpa, where he attended a Catholic high school. In 1985, Mr. Lagos and his family relocated to Miami where he enrolled at Miami-Dade Community College. He went on to earn an Associate's Degree in business administration. In 1990, Mr. Lagos began working on immigration issues as the executive director of an association that helped medical school graduates from other countries obtain their physician's licenses.

Mr. Lagos was a true leader and unifier. South Florida is a mosaic of different immigrant cultures and, unfortunately, many Federal immigration policies have proven to be more divisive than effective. Mr. Lagos worked to overcome these obstacles. As director of the non-profit Unidad Hondurena, Spanish for "Honduran Unity," Mr. Lagos bridged ideological gaps and created powerful synergies throughout the immigration community. He led vigorous grassroots efforts to advance the rights of fellow Hondurans and Hispanics, including protesting fee hikes for temporary work permits and citizenship applications, alerting immigrants to scams, and organizing charities. Mr. Lagos understood the power of unity and also strongly supported efforts to gain Temporary Protected Status, TPS, for Haitians.

One year ago, Mr. Lagos was diagnosed with cancer. Throughout his treatment, however, his spirit never wavered. He continued to speak on behalf of those who came to our country seeking the American dream. This past summer, Mr. Lagos exhibited his dedication and courage outside a church in Little Havana by rallying others to protest the suspension of international aid to Honduras. This is the mark of a true hero, a champion of the people.

Madam Speaker, Mr. Jose Lagos will be remembered in South Florida for his message of unity. He celebrated and embodied our great nation's rich immigrant heritage. The loss of Mr. Lagos is indeed a loss for us all, and for the battle for fair immigration reform.

OUR UNCONSCIONABLE NATIONAL
DEBT

HON. MIKE COFFMAN

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 2009

Mr. COFFMAN of Colorado. Madam Speaker, on December 10, 2009, our national debt was \$12,079,739,352,131.13.

On January 6, 2009, the start of the 111th Congress, the national debt was \$10,638,425,746,293.80.

This means the national debt has increased by \$1,441,313,605,837.33 so far this year.

According to the non-partisan Congressional Budget Office, the forecast deficit for this year is \$1.6 trillion. That means that so far this year, we borrowed and spent an average \$4.4 billion a day more than we have collected, passing that debt and its interest payments to our children and all future Americans.

WALL STREET REFORM AND CONSUMER PROTECTION ACT OF 2009

SPEECH OF

HON. PETER A. DeFAZIO

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 2009

The House in Committee of the Whole House on the State of the Union had under consideration of the bill (H.R. 4173) to provide for financial regulatory reform, to protect consumers and investors, to enhance Federal understanding of insurance issues, to regulate the over-the-counter derivatives market, and for other purposes:

Mr. DeFAZIO. Madam Chair, I rise to express my concerns over the legislation before us. H.R. 4173, The Wall Street Reform and Consumer Protection Act, takes steps to address many of the problems that created our current financial crisis. However, I am alarmed at a number of provisions that weaken the bill.

The creation of a Consumer Financial Protection Agency is long overdue. Consumers need a strong advocate to protect them from the many questionable and confusing financial products offered. However, provisions put in by the banking industry to preempt meaningful state regulation threaten the strong consumer protections we are fighting for. Federal rules promulgated by this agency should set a floor of protection, not a ceiling.

Title III, pertaining to regulation of derivatives, could have been improved by amendments offered that banned certain abusive derivatives from being traded and offered better transparency to the swap market. Unfortunately, those commonsense amendments were defeated. Other amendments that created more loopholes in the derivatives markets were unfortunately included.

I was also disappointed that several amendments I cosponsored were denied an up or down vote. The Inslee/DeFazio/Hinchey "Too Big to Fail" amendment set a cap on the size of bank liabilities for financial institutions. Instead of relying on regulators to protect us from financial firms laden with risky investments, this amendment simply breaks up companies with excessive liabilities. The Hinchey/Inslee/Conyers/DeFazio/Tierney amendment

would restore key protections from the Glass Steagall Act including the separation of commercial and investment banking.

Furthermore, I opposed the Republican Motion to Recommit because it struck all financial reform from the bill, and would have ended the TARP program at the most inopportune time. I have long opposed the TARP program because it bailed out Wall Street for excessive risk taking at taxpayer expense. Now that Wall Street has been bailed out, the major problem facing Americans is rising unemployment. We should redirect the remaining TARP funds to real job creation on infrastructure because that will get people back to work quickly, rebuild critical infrastructure, and these jobs cannot be exported overseas. Wall Street got its bailout, now it's time to jumpstart American job creation.

I was a strong opponent of financial deregulation legislation in the 1990s. This undermined our financial regulators and gave Wall Street the opportunity to make the risky speculative bets that it lost big on. Reversing this trend is essential; therefore I plan to vote in favor of this legislation to move the process forward. I am eager to see what emerges from the Senate as they continue their debate on financial reform. I am hopeful that this legislation moves us back to responsible regulatory oversight. It is important that we rein in the cowboy capitalism that has too long prevailed in our financial markets.

EARMARK DECLARATION

HON. FRANK A. LoBIONDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 2009

Mr. LoBIONDO. Madam Speaker, as per the requirements of the Republican Conference Rules on earmarks, I secured the following earmarks in H.R. 3288.

Requesting Member: Congressman FRANK LoBIONDO (NJ-02)

Bill Number: HR 3288

Account: Air Force, Military Construction, Air National Guard

Legal Name of Requesting Entity: 108th Air Refueling Wing

Address of Requesting Entity: McGuire AFB, NJ

Description of Request: Provide an earmark of \$9.7 million for construction of properly sized and adequately configured facilities to house the base engineer administrative, maintenance, and training functions, and readiness (disaster preparedness). Facilities support daily activities associated with maintaining/repairing base infrastructure and facilities for the ARW, and mobility requirements for the 108th Civil Engineering Squadron (CES) and readiness requirements.

IN HONOR OF JULIUS E. COLES

HON. GERALD E. CONNOLLY

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 2009

Mr. CONNOLLY of Virginia. Madam Speaker, I rise today in honor of a man who, for more than 40 years, has dedicated himself to