

to really scrutinize these expenditures to really make them essential to a new global world order.

We are not fighting conventional wars. We are fighting asymmetrical wars, and I don't know what a ballistic missile system is going to do in an asymmetrical war in fighting people that are using the Internet and public transportation to move their weapons and ideas around.

Thank you for your time tonight. I really appreciate it.

Mr. ELLISON. Congressman FARR, let me thank you for being here. Let me also thank Congressman WOOLSEY, Congressman MCDERMOTT, and also Congressman POLIS was with us for a moment.

This is the progressive message, the progressive message tonight that we came with, to talk about just the defense aspect of the progressive message. We believe that if we follow the program that has been offered by the Center For American Progress that Congressman FRANK has been working on, we can save a lot of money for the American people without any reduction in safety for the American people.

It is not unpatriotic to question the military budget. It is not unpatriotic to talk about waste, fraud and abuse in the military. It is to enhance the quality of life for the soldier and security for the American people.

My name is KEITH ELLISON. I have been happy to be here tonight for the Progressive message. It has been great, another fantastic hour. We will be back, week in, week out, projecting a progressive message to the American people.

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#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. POLIS). Without objection, the 5-minute Special Order of the gentlewoman from North Carolina (Ms. FOXX) is vacated.

There was no objection.

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#### FIXING THE AMERICAN ECONOMY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentlewoman from North Carolina (Ms. FOXX) is recognized for 60 minutes as the designee of the minority leader.

Ms. FOXX. Mr. Speaker, I am pleased to be here tonight to lead this special order on behalf of the Republican leader and am pleased to be joined by some of my colleagues now on the floor and others who will be coming.

I want to say that we are going to talk about the economy tonight. We are going to talk about the cramdown bill that was passed here today. But I do want to say in response to the Progressive group, I think they call themselves, that was just speaking, is that any time I hear people talking about the need to do less in defense for this Nation, I want to say that I wake up

every single morning and the first thing I do is say thank you, Lord, for letting me live in this country, and the last thing I do before I go to sleep at night is say thank you, Lord, for letting me live in this country, because I believe we live in the greatest country ever, and I know in large measure that is because of the great national defense that is provided to us by the men and women who risk their lives every day to keep us a free people.

Do I think that we should write a blank check for defense? No, I don't believe that. But I do know from reading the Constitution, and all of us are sworn to uphold the Constitution, that national defense is the number one role of the Federal Government.

□ 2045

It has to be mentioned over and over again because, unfortunately, too many people talk about all these things we could be doing for the people of this country if we just didn't spend all this money on national defense.

Well, Mr. Speaker, I have to say that States can't provide national defense, the counties can't provide national defense, the municipalities can't provide national defense. And we individuals can't provide for our national defense, except as part of a larger body. So it is our Number 1 responsibility as a Federal Government. And if we have money left over, then, fine. We may be able to do other things. But if we have money left over, the first thing we should do is give it back to the people from whom we take it forcibly and allow them to vote how to decide to spend it.

I want to say that I don't say to people who criticize the defense budget that they're not patriots. But I think they should be very explicit about where they think money is being wasted. And again, if there's money left over, let's just give it back to the American citizens. Let's not spend it in Federal bureaucracies.

So, as I said, we came here tonight to talk about the economy. That's the thing that's probably on most people's minds. Thank goodness we have a military that is allowing us to be safe, allowing us to be here on this floor at night, allowing us, every citizen in this country, to go about his or her job on a regular basis, all their activities, whatever they're doing and feel safe.

But what's on the minds, again, of most of the people is the state of our economy and the inaction and incompetence of the Democratically-controlled Congress and this administration in terms of how they have responded to the problems in our economy.

So I want to recognize some of my colleagues who are here tonight and allow them to share some of their concerns. I'm going to be here for the entire hour. I'm going to let them speak, and then I will come back and, if there are things that still need to be said, then I will take up some time and

share some information with those of you who are listening to us tonight.

The first person that I would like to recognize is our distinguished colleague from Georgia, Dr. BROWN.

Mr. BROWN of Georgia. Mr. Speaker, I rise today because Americans have bought a product that is not living up to its guarantee. Promises made are not being kept, and the American taxpayer is paying the price for the defective product that they bought.

This body has let the American people down. And I'm not just pointing my finger at the other side of the aisle. Both sides have hoodwinked the American taxpayer for not being fiscally responsible.

If I sound alarmist, it's because I'm concerned that it's only getting worse. I'm frightened about the path that America's heading down with this administration and this Congress in the driver's seat. HARRY REID and NANCY PELOSI are driving this steamroller of socialism and, unfortunately, President Obama isn't putting up any roadblocks, and not even a slow down sign. And it's hardworking Americans who are getting run over.

Right now, in addition to a \$700 billion bailout of Wall Street, a \$1 trillion non stimulus bill, and a \$275 billion housing fix, the middle class is also carrying on their backs the auto industry, Bear Stearns, AIG, Citi, Freddie, Fannie and countless others.

For too long, lawmakers in Washington have ignored the pleas from hardworking families and small business owners in their districts. For too long, lawmakers in Washington have depended upon hardworking middle class to pay for their expensive programs, of which they rarely see a dime.

But there is an alternative. The middle class can demand that lawmakers stop using them to pay for policies that benefit only two ends of the spectrum. That's why I rise today, Mr. Speaker, to offer a vision for those hardworking middle class families who pay for the Wall Street fat cat speculators, who pay for welfare recipients, and who pay for all this.

My vision includes providing tax relief to small businesses and families. It includes offering incentive-based relief for job creators. We must skip the pork wish list and, instead, directly stimulate the middle class and small businesses, since they are America's economic engines. In doing so, jobs are created, faith is restored in the markets, and America's entrepreneurial spirit is once again unleashed.

Contrary to what is being said, those of us who oppose the recent actions of this "Credit Card Congress" are not just saying "no." Unfortunately, our alternatives to help our economy are not being considered.

I want to give a 5 percent, across the board, income tax cut. I want to increase the child tax credit to \$5,000. I want to lower capital gains, dividend and corporation taxes to bring investors back to America that have been

taxed out of the country. I want to create jobs by producing American energy with American workers in the form of solar, clean coal and nuclear energy. I want to increase student loan deductions so that you can send yourself or your child to school at any age, with minimal financial burden.

I want a health care system that is affordable for all people, one that is patient-focused, not government-focused, one where patients own their own insurance policies, one where the doctor/patient relationship is where health care decisions are made, not by some government bureaucrat.

The economic recovery plan that I support includes no bailouts and no pork-laden projects. It creates twice the jobs at half the cost through permanent tax relief for families and for small business here in America. This plan creates 73,000 more jobs in my home State of Georgia alone.

I also offered an amendment to the stimulus to give every American who files a tax return approximately \$9,000, their share of the stimulus bill. Clearly, not spending a trillion dollars would have been a much better option, but since Congress was bound and determined to spend the money, wouldn't it have been better to place that money back in the pockets of taxpayers?

If a two-parent family, middle income, middle class family had received \$18,000 in the mail, they could have bought a new car, gone on vacation, or even make a down payment on a home.

David McCullough correctly states that, and I quote him, "History is a guide to navigation in perilous times."

Let us not forget that in these tough times, that more government has never been a solution. Historically, socialism never has worked, never will work, and it will not work today. In fact, government actions were actually the stimulus that contributed to Fannie Mae and Freddie Mac's distension, easy money made available following relaxed interest rates, and ultimately, the push on American lenders to make loans, regardless of the borrowers' ability to pay.

As Margaret Thatcher said, "The problem with socialism is that you eventually run out of other people's money."

Mr. Speaker, I rise in that spirit to remind you that America was founded by pioneers with dreams who worked, and in some cases, died to protect freedom and make a more prosperous life for their children. We must not forget this.

God promises us in Psalm 30:5 that "Weeping may endure for a night, but joy cometh in the morning."

Now, I call upon all Americans, young and old, liberal and conservative, to demand a more efficient government, beat back the reach of big government, wipe away the tears of yesterday and demand a joyful morning in America, a future of freedom. America is depending upon it.

Ms. FOXX. I want to thank my colleague from Georgia. What he has done

is put to rest the comments made by so many of our colleagues on the other side of the aisle who say that Republicans are the party of "no" and that we don't have a plan. Republicans, throughout this entire congressional session, beginning in January, have offered great alternatives to the abysmal proposals that have been given by the Democrats to deal with this economic situation.

We understand that the American people are hurting. We want to help the American people in ways that we know are proven ways to make things better.

What the Democrats have proposed are the things that will make the situation worse.

The American people know we cannot tax and spend and bail our way back to a growing economy. They know that raising taxes during a recession, on almost every American, is a prescription for economic decline. They know that raising taxes on small businesses, where a majority of Americans go to work every day, will not put American families back to work. They know that cutting deductions for charitable giving will harm higher education, scientific research and religious organizations struggling to stay afloat.

The American people know now more than ever before that Democrats are on the side of more government and more taxes. And we hope, through explaining our plans, that the American people are going to understand in a very tangible way that House Republicans are on their side, and we will continue to be on their side.

Mr. BROUN of Georgia. Would the gentlelady yield for a moment, please? Ms. FOXX. I will.

Mr. BROUN of Georgia. I want to congratulate you, Ms. Foxx, for bringing up something that is extremely important. When you opened this evening's special orders, you talked about national defense being the major function of the Federal Government under the Constitution. I carry a copy in my pocket all the time, and I believe in this document as it was intended by James Madison and company.

If you look at this document, if the American people will look at this document, read what our founding fathers wrote, not only in the Constitution of the United States, but read what they wrote in the Federalist Papers, which were a group of essays to explain exactly what this document means. They will see that they've been handed a lie; that this document was never meant to be expanded beyond the 18 things that article I, Section 8 says that we, as a Congress, we, as a government, can do. And the 10th amendment puts a exclamation point upon that, because the 10th amendment says if a power is not specifically given to the Federal Government by the Constitution, in other words, those 18 things in Article I, Section 8, if it's not prohibited from the States, things such as having their own army, things like having interstate tariffs and those types of things, that

those rights are reserved for the States and the people. And national defense is exactly the major function under the original intent of this Constitution.

And when we see people stand on this floor and cut down our defense—I'm a Marine, and I believe in a strong national defense, just like I believe in this document according to its original intent.

□ 2100

I congratulate you for bringing that issue up as you started this discussion tonight because the American people need to understand that this document was never meant to be expanded the way government has—the way the court has expanded it, the way the administration has expanded it and the way that Congress has expanded it—particularly beginning with FDR, with the New Deal.

That brings us to today. The New Deal did not work. I was taught in school, in high school, that it did work, but that's just a bald-faced falsehood; it's not factual. The New Deal didn't work. The only thing that got us out of that recession, that depression in the '30s and into the early '40s, was gearing up the manufacturing base to supply World War II. So it was small business and manufacturing that got us out of that depression, and we're heading in that direction today in this country, with these bills, one after another, after another, after another.

When the President came and talked to our Republican conference, I'm sure you'll remember he said that the stimulus bill was just the first of many big spending bills, of many socialistic bills, of many big government spending bills that he was going to bring to the floor and promote very quickly. The thing is socialism never worked, never will work, and it's not going to work today, and the American people need to understand what the Constitution says and what we're headed toward. We're headed toward the financial collapse of America if we don't stop spending our grandchildren's future.

So I commend you, Congresswoman Foxx, for bringing up the Constitution, because I think the American people need to understand clearly that this is not a living document. It's a document of which we need to go back to the original intent.

God asked a question in psalm 11. He asked: If the foundation is being destroyed, what are the righteous to do?

What we need to do in America is to start rebuilding the foundations that this America was founded upon, those foundational principles that made America so safe, so secure, so rich, so powerful, and the only great power in the world today. If we leave those principles, then it's going to destroy America, and we're headed toward a depression in America if we don't stop spending our grandchildren's future.

So I thank the gentlelady for yielding me a few more moments, because I am very fearful of the direction we're

heading in this Nation today. We're heading in a direction that's going to be disastrous. We're going to lose what our founding fathers fought and died and sacrificed so much for, and it's up to the American people to demand better. It's up to the American people to demand from their elected Representatives a constitutional government, a limited government, a government that isn't intrusive in their lives.

So I thank the gentlelady for yielding me a few more minutes. I am just so passionate about this. We have got to stop this steamrolling socialism that's being shoved down the throats of the American public. It's going to kill the American economy if we don't do it.

So thank you.

Ms. FOXX. Well, I want to thank my colleague from Georgia. Many of us are passionate about this issue, and that's why I never let an opportunity go by to bring it up myself. We're going to have to get our Constitution caucus going and do a Special Order one night soon.

It looks like we're going to have a lot of folks who represent the medical community here tonight. The second person whom I want to recognize tonight is a new Member of Congress this year. He is a physician and a former mayor of a town in eastern Tennessee. He is my neighbor in Tennessee. Our districts join each other. I'm in North Carolina. He's in Tennessee. He's going to bring us some wisdom from the heartland of this country from his experiences in being out, talking to folks, and some of his reflections on what has been happening.

I would like to recognize Congressman ROE from the great State of Tennessee.

Mr. ROE of Tennessee. Thank you very much.

What I'm going to do tonight is just introduce myself to the people here and just share some real life experiences.

I have lived in Johnson City, Tennessee for 31 years, have practiced medicine there, have built a thriving medical practice from 4 physicians to over 70 with 350 employees, and so we've delivered and have worked in a small business.

A few years ago, I decided to run for public office after just sharing some thoughts with friends, and I was fortunate enough to be elected to our commission and as the mayor of our city. I brought a very simple philosophy to government, very simple. It's not calculus; it's not arithmetic. It's simple math. That is: Spend less than you take in.

When we went on the commission several years ago, we had deficit spending, and we had a bloated city government. With the help of some great leadership and our other commissioners, we cut almost 100 people from our workforce. In addition to that, we had only about \$2 million in the bank, and that was essentially broke. During the last 6 years, we've passed six consecutive budgets without a tax increase, and

have gone from a fund balance of \$2 million to \$24 million.

So our city has a great savings account set so that, when this rough economy came, we were prepared for it like any individual would be with a savings account. We did this without raising taxes and without cutting services, and I think the people there rewarded us for this prudent behavior. As a matter of fact, Wall Street rewarded us by increasing our bond rating to a AA rating.

I then fast forward. I come to Washington, D.C. in January, and I'm sworn in. In the fall, we all recall the \$700 billion bailout, or the so-called "TARP"—Toxic Asset Relief Program—that had already been passed by the previous Congress, and that was passed because of illiquidity in the banking market. People weren't able to get loans, and that's still an issue.

One of the first things we confronted here was an \$800-plus billion spending plan, the so-called "stimulus." Now, one of the reasons we were successful where we were was we had a plan to correct our problems. We had a very well-thought-out plan, and we executed that plan—reducing debt and improving the financial stability of our local government.

Here in the Federal Government, we had a massive, massive spending plan. As we went through it, it was 450 pages or so long. The plan was discussed here on the House floor and was sent to the Senate. It came back as a 758-page bill. After conference, it was 1,071 pages, which we were presented here on the floor at about 9 o'clock one Friday morning a couple of weeks ago. We voted on it 5 hours later, of which no one could have read that bill in its entirety and can tell me what's in it. So it was about \$1 billion a page. What I saw was massive Federal spending.

The options we have as a local government are: Number one, we can raise your property taxes. Tennessee is not an income tax State, so we have sales taxes and property taxes—that's a way we can raise revenue—or we can expand growth where you have more property taxes coming in. That's what we chose to do. We can't ask people to go down and spend any more money at the local department stores or at Wal-Mart or wherever. People are protecting their money now, so we can't do that. The Federal Government has a third option, and that is to borrow money, and they have borrowed massive amounts of money from China. If the situation comes where we can't borrow any more money on the credit market, then we have to print money. The danger of that is, when you expand the money supply, you certainly will create an environment where inflation may occur.

I can tell you one of the things that I did. I took this responsibility so dearly to myself because the people who are hurt the most with higher taxes are the people at the lower income and our senior citizens on a fixed income. I can think of so many people in my commu-

nity for whom \$20 or \$30 or \$40 a month is just devastating. The gas price increases we had last year were just devastating—\$4 or \$5 a gallon. They just could not pay it. If you had people working, as we have had many people, for \$10, \$12, \$13 an hour and they had to drive more than 10 miles to work, it took a day-and-a-half's work per week to pay their gas to get to work.

So the people who are hurt the most are not the people here in this Congress, who make a good salary, or the people out there making six figures. It's the people on a fixed income. I think, as for this particular bill that we've done, this spending, if we create an inflationary spiral, we've hurt the very people we've said here that we're going to help. We've hurt them the most.

I had the opportunity today to speak to a good many bankers because of some legislation that came on the floor, and it was about this, the home bailout. I called and spoke to numerous ones in my district. Let me just reminisce a little bit about the banking problems we've had.

I think there are approximately nine banks in America that control about 70 percent of all of the financial assets in America and over 8,000 community banks that control the other 30 percent. Less than 5 percent of our community banks have had to ask for TARP money. Every single one of the major banks has been too big to fail. Well, who is going to go save these small community banks? I can tell you no one is, but most of them are very financially secure. I spoke to several today where less than 2 percent of their loans are a month behind or more, so they are doing very well.

Then they were presented with a situation today in this particular bill where a bankruptcy court can say to you, You have to mark down the difference. If the home price decreases in value from, let's say, \$230,000 to \$200,000, you have to eat that. This local bank has to eat that.

Ms. FOXX. Will the gentleman yield?

Mr. ROE of Tennessee. The gentleman will yield.

Ms. FOXX. When we were debating this bill last week, one of our colleagues on the other side of the aisle said that this is not going to cost the taxpayers a single penny. I responded: Well, the last time I looked, the banks are owned by shareholders, and those shareholders pay taxes if they have any kind of profit. It seems to me that shareholders and taxpayers are the same people.

Those banks that you're talking about in your community, those community banks, are they owned by shareholders who pay taxes?

Mr. ROE of Tennessee. Absolutely. Not only that, but if you do what they have recommended or what we voted on today, another provision in that bill is that you could get a zero in bankruptcy court. The judge could say, You get a zero interest rate for 30 years.

I asked one of my banking friends, How do you make money if you lend at zero percent for 30 years?

The bottom line is that those costs are passed on to the other people who borrow money from that bank. So the taxpayers absolutely get the bill. That is a great point you just made.

Ms. FOXX. Now, you've been a physician, but you've also been a businessman, and I think that's important. With 350 employees, that's a pretty good-sized small business. You understand that what was done today with this cramdown bill is going to affect taxpayers, and you understand how it's going to affect the people who play by the rules. I'll bet you had some of that in your practice, too, didn't you?

Mr. ROE of Tennessee. Absolutely.

What we've just said to many of the banks in our area and to the folks who've borrowed money with the intent of paying it back—which is the example I gave today—is, look, if somebody had bought a Tahoe last January and they had paid \$40,000 for this new Tahoe, well, when gas prices went to \$5 a gallon, you probably couldn't get \$20,000 for that Tahoe. You were probably upside down in your loan right then, but what did you do? Did you walk back and give it to the bank? No. You kept paying on that until you paid your Tahoe off. So that's what we've asked people to do.

I think this bill should be vetted extremely well in the Senate. We shouldn't cause people, the 98 percent of the people who are paying their mortgages on time in Tennessee, to say, Hey, I've got to also pay for this other mortgage when I'm doing it the right way.

I think the experience I've had in government is that we've always preached—and I have seen it myself, have lived it and have breathed it—smaller government and low taxes. Businesses move in, and your economy thrives. I have personally witnessed that. I know it works. I come to Washington, D.C. What do I see? The most staggering spending that I've ever seen in my life.

Let me pose a question. Then I'll let you answer this: When we passed the omnibus spending bill, I took that 2,000 pages back to show my constituents what we'd passed here. An 8.5 percent increase. Now you tell me what State government, what local city government is going to pass an 8.5 percent increase this year. The example we should be doing is: We in Federal Government are going to cut the size of this Federal Government. We're going to tighten our belt. It would be a wonderful example to the rest of the Nation.

Ms. FOXX. I've noticed in the news-cast how many people are losing their jobs in private industry. I haven't heard one word about any people on the Federal payroll who are losing their jobs. I agree with you: We have no business expanding the Federal Government at any level. We should be

cutting back just like our constituents are cutting back, and we should balance the budget. We cannot continue to operate that way.

□ 2115

Mr. ROE of Tennessee. The thing that I noticed when I was home and you have, I'm sure, the same—and I have to say you have a wonderful Charlotte airport. During the snowstorm, I got to spend 24 hours there. So it's a beautiful airport. The people from North Carolina were very good to their neighbor from Tennessee.

I think one of the things that we have to do is we have to set an example in the Federal Government to the rest of the Nation. If we did that, if we had a plan that we're going to balance the budget—I mean, this particular budget we're spending is \$1.6, \$1.8 trillion out of balance, and we're going to cut it—well, it's some gimmickry because when you don't have an \$800 billion spending package, you've already cut that much of it. That's onetime dollars. So that's really not a fair cut.

A real cut would be when you actually spend less money than you did the year before, and that's never happened in my view of Congress.

Ms. FOXX. Well, some time soon I am going to share with you an article that I read in Human Events last November about what the Federal Government looked like in the '30s and what our society looked like and what our budgets looked like in the '40s. But it has been done, and that's what we need to do.

I want to ask someone else to join us in our conversation here. We have our colleague from Wyoming (Mrs. LUMMIS) who is with us tonight. And I know that she has some interesting points that she wants to add to this discussion. And I want to bring her into it at this point.

Mrs. LUMMIS. I thank the gentlelady from North Carolina and the gentleman from Tennessee for their dialogue. It brought to mind a constituent of mine.

I am from the State of Wyoming, and an Arapaho woman, who is a friend of mine, had a business last summer on the reservation in Wyoming where she was bringing groceries in, trucking groceries into the reservation for easy access and purchase by members of both the Shoshone and Arapaho tribes on the Wind River Indian Reservation. It provided an opportunity for Native Americans to shop on the reservation rather than having to go into town in Riverton or Lander. It provided Native Americans with jobs in trucking and in the grocery business. And she's a wonderful entrepreneur.

When the price of gas reached \$4 a gallon, it was not clear that she would be able to keep her grocery business open. She was beginning to cut down on the hours that her employees worked, cut down on the amount of product she had on her shelves. And had those prices continued at that

rate, she would have had to have closed her doors making it more expensive for Native Americans to drive to adjacent communities to purchase their groceries. Fortunately, the price of gas dropped.

But since I've come to Congress, and particularly in the last week, I've seen, as a member of the Budget Committee and a member of the Natural Resources Committee, proposals in the President's budget for Cap and Trade legislation that would include \$646 billion in new revenue. Now, that new revenue is going to come from the American people.

Ms. FOXX. Would the gentlelady yield?

Mrs. LUMMIS. I yield.

Ms. FOXX. What does that word "revenue" mean? Don't we know it by another name?

Mrs. LUMMIS. We do. And the gentlelady makes a wonderful point.

These are taxes. These are taxes on the consumers of American energy. So if you have electricity in your home or in your office, or if you drive a vehicle, or if you use electricity or oil or gas or energy of any kind, you will be paying a tax. And that tax will amount to \$646 billion in new taxes, which will come out of your pocket.

So 100 percent of the people who use energy in this country will pay 100 percent of the taxes that will be levied pursuant to the Cap and Trade bill.

Now, this means that a typical consumer, in their electric bill in their home, will see about a 62 percent increase in their utility bills. And businesses, small businesses—such as you and the gentleman from Tennessee have been discussing—will see a 100 percent increase. They will see a doubling in their utility rates.

And, of course, other fuels will increase as well, including gasoline—which, once again, makes me recall my friend who brings groceries into the Wind River Reservation in Wyoming and the hardships that will be imposed on regular Americans as a consequence of Cap and Trade legislation.

In addition, the proposed budget by the President includes an enormous array of taxes on the oil and gas industry, which will, once again, be passed on to consumers in America—that is if the industry here survives.

And if the industry here does not survive or cuts back, that will reduce American jobs, it will increase our dependence on foreign sources of oil and gas. It fails to acknowledge that natural gas is the cleanest burning hydrocarbon. And my State of Wyoming, which produces coal, may end up shipping its coal to places like China, which are demanding coal and building new coal-fired power plants.

Now, I learned today in a committee meeting before the Natural Resources Committee from a witness that was brought in at the pleasure of the majority party that if you ceased all economic activity in the United States, Europe and Japan combined and did absolutely nothing, that unless China,

India and Russia changed their ways, we'll see no reduction in carbon emissions—which is to say we could completely cease all economic activity in Europe, the U.S. and Japan and still, because of the carbon emissions and the increases in carbon emissions that are occurring in China, Russia and India, there will be no reduction in carbon emissions.

So, in other words, we are not going to be able to influence. By hurting our own economy, reducing our own jobs, taxing our own people, we're not going to be able to reduce carbon emissions.

So, consequently, we need to look at the benefits of these programs that are being proposed in the President's budget and compare them to the costs. And I can tell you based on what I saw today in budget presentations in the Budget Committee and testimony in the Natural Resources Committee that the benefits of reducing carbon emissions in the United States, Europe and Japan are not recovered, and the cost is borne by the American people.

Ms. FOXX. Well, I thank the gentlelady for sharing that experience that just happened today.

I haven't heard it explained exactly that way, but I've known for a long, long time that we in the United States are not creating the problems. If there is a problem with global warming—I will tell you that I am a social scientist, not what would be called a "pure" scientist, but I've read enough to know that we cannot in any way prove that we are causing global warming.

I think that the Lord's in charge of this Earth, and a lot of things have happened before human beings got here. There's been climate changes without us, and I think they're going to continue. So I appreciate you bringing that in.

Mr. ROE of Tennessee. Would the gentlelady yield for just one comment?

Ms. FOXX. I would yield.

Mr. ROE of Tennessee. Just something even more sinister.

What the gentlelady from Wyoming was saying is that the carbon tax, if you look at it, or cap-and-trade, just so people understand what that is, is when oil is offloaded from a ship or comes out of a well, a tax will be placed on it at the wellhead. So you pay a tax that goes directly to the consumer. Again, the least people able to afford this are the folks on a fixed income, our senior citizens, which we have a lot in our community.

So when you go down to the grocery store to buy a bag of tomatoes or bread, it was brought there by a vehicle that's paying more to get there just because of this carbon tax. And the theory, as you pointed out, is we want to tax carbon to produce carbon dioxide into the atmosphere, and we'll use these other renewables.

And at some other time, I certainly would like to go into some ideas that we've shared at the local level about how to reduce carbon at no cost to the taxpayers.

Ms. FOXX. Well, I think this distinguished group of new Members should put together a Special Order one night and let's talk about energy.

We've been joined by another one of our colleagues who came into the Congress along with the two of you who have just been speaking, and I have been very pleased to have had him come over and help me on a couple of Rules that I have handled on the floor and am very pleased to have him join us tonight.

We have Mr. McCLINTOCK from the great State of California, which is not exactly in the best financial shape these days. I don't know if he wants to share any of that with us. But I know he's going to have some great comments to share, and I want to give him an opportunity to join in our discussion here.

Mr. McCLINTOCK. Well, I thank the gentlelady for yielding, and I particularly thank her for organizing this discussion tonight over the future of our Nation.

The discussion going on right here in these hallowed halls of Congress is exactly the same discussion that's going on around dinner tables, over backyard fences, over coffee at Starbucks.

Everybody understands that our Nation is in great trouble. It's getting in deeper. And I think every citizen realizes that each of us has an important responsibility to play in being part of that discussion.

The gentlelady is quite correct. California is in a world of hurt. It's followed exactly the same policies that this administration appears to be embarked upon. It's probably a couple of years further down the road than the rest of the Nation, which offers us a very important warning of what happens when reckless spending, reckless deficits and reckless tax increases all combine into a perfect storm.

California's unemployment rate is now in double digits. This, a State that was once a golden land of opportunity, a State that used to have a recession-proof economy. It was always the last to see its unemployment rate rise. Now it's the first, and the reason is public policy.

Mr. Speaker, I would like to add to that discussion tonight by broadening the discussion to a number of points that have been made by my friends on the majority side blaming the Bush administration for the Nation's economic woes. And I hope that I don't shock my friend from North Carolina to actually rise to join that chorus in some respect.

We are all painfully aware that the Bush administration increased spending twice as fast as we saw it increase under the Democratic administration of Bill Clinton. The Bush administration's first stimulus bill added \$160 billion to the national deficit through tax transfers despite warnings that it would do nothing to stimulate the economy, and it didn't.

The Bush administration's bailout bill last fall added another \$700 billion

to the Nation's deficit despite many warnings that it would not stabilize the economy, and it didn't. That administration ended with record spending, record borrowing, record deficits and an economy in shambles.

But my question to many of my friends in the majority, Mr. Speaker, is this: If record spending, record borrowing and record deficits is the path to economic recovery, why aren't we already enjoying a period of unprecedented economic expansion? In fact, all of the bailouts and handouts and loan guarantees that have already been enacted add up to over \$9.7 trillion, as we pointed out on this floor in the past. That is more than the modern-day cost—inflation adjusted—of the space race, the Vietnamese War, the Louisiana Purchase, the Marshall Plan and the New Deal combined.

The fact is, these policies don't stimulate an economy; they stifle it. And it doesn't matter whether these policies are enacted under a Democrat or a Republican. They don't work.

□ 2130

They didn't work in the recession of 1929, when Republican President Herbert Hoover increased the marginal income tax rate in this country from 25 percent to 65 percent and piled up taxes on imports. They didn't work in the resulting depression of the 1930s, when nearly a decade of Democratic President Franklin Roosevelt's New Deal spending failed to stimulate the economy. And we forget that the unemployment rate in 1939 was actually slightly higher than it was in 1931. And we know from a year of failed bailouts and handouts and loan guarantees that these policies aren't working any better today.

Today we learned that General Motors, despite billions of dollars of taxpayer bailouts, is still going under. Monday we learned that AIG, despite billions of dollars of taxpayer bailouts, is still going under. Mr. Speaker, don't they understand that the sooner that we stop bailing out failed companies the sooner we can begin a genuine economic recovery?

Ms. FOXX. Would the gentleman yield?

Mr. McCLINTOCK. Gladly.

Ms. FOXX. I wrote this note down just after we started this session tonight, and I want to ask you if you have ever heard this famous quote by Einstein: "Stupidity is doing the same thing over and over again and expecting a different result." Do you think that characterizes the situation that we find ourselves in?

Mr. McCLINTOCK. I believe Professor Einstein said it was not the definition of stupidity, but insanity.

Ms. FOXX. Insanity, excuse me. The definition of insanity.

Mr. McCLINTOCK. And I certainly concur with that. And what we are seeing here in this new administration are the same mistakes, multiplied, that we've just seen in the last administration.

You know, before the failed \$700 billion Bush bailout bill, this Nation's budget deficit was around \$500 billion or so. Now, because of that mistake, the bailout bill—which, by the way, President Obama and many of my Democratic friends in the House supported and ultimately consummated—and because of all the other bills that have rushed through this House in the last few weeks with such reckless abandon, our deficit has tripled to \$1.5 trillion for this year, on its way to an additional \$1.75 trillion for next year. And as tempting as it is to censure the folly of the Bush administration's fiscal policies, I think we should be far more concerned with the greater leap in borrowing and spending that we are now pursuing under this administration.

Now, Mr. Speaker, there is one institution that doesn't look back, and that's the stock market. The past is utterly irrelevant to the stock market; it doesn't care where the economy was yesterday, it cares very much where the economy will be tomorrow. The stock market is strictly a forward-looking measurement of what investors are betting will happen to our economy in the future under current policy. And the precipitous decline of the stock market since these new policies have been unveiled should be a warning to us all—today the stock market closed at its lowest point in 12 years. If the policies we're embarked upon were destined to save our economy, you would think that those who make their living betting on the economy would be buying like crazy, and they're not.

Mr. Speaker, perhaps we would do well, then, to stop the partisan bombast and to realize that bad policy produces bad results, whether the President is a Republican or a Democrat; and, indeed, that Professor Einstein was right, doing the same thing over and over and expecting different results is, indeed, the definition of insanity.

I yield back my time.

Ms. FOXX. I thank the gentleman from California for giving us a great history lesson and reminding us of the kind of things that we ought to be about, again, regardless of what party we come from. And I want to say that I proudly voted against the bailout, predicted it would be a failure. And I voted every time in the last 4 years for reduced spending because many of us who came here in 2005 could see what was ahead.

I want to now yield some time to our colleague, one of the most dynamic people that we have here in the Congress, MICHELE BACHMANN, from the great State of Minnesota, where they say "Minnesota nice"—I learned that this summer. So, Mrs. BACHMANN, if you would, please, join us.

Mrs. BACHMANN. Thank you. I want to thank the feisty gentlelady from North Carolina, from the Appalachian region, who sets the new standard for all of us for what we need to do to be

sympathetic not only to the principles of the constitutional founding of this Nation, but sympathetic to the future of this great country. That's what we're all about here tonight, we're about growth, the future, where we're going to go.

And what we're very disappointed in is the bill that came before this body today. I think that there were intentions here that were meant to help people that were in homes to be able to stay there, but the unintended consequence could be that we could be killing the housing industry once and for all.

We've seen a proposal from our President that said that he wants to limit mortgage interest deductions for people that have a combined gross income of \$250,000 or more. That may seem like a great thing. That may seem like those are people who can well afford their homes and don't have to pay for interest deductions. Well, one thing that we know will happen, in all likelihood, from what we've seen in history when the luxury tax was introduced back in the late eighties, immediately what happened is we saw the boat industry go down, we saw the fur industry go down, we saw the jewelry industry go down. Well, so what we might say. The "so what" is that average normal Americans lost jobs by the droves. And so immediately Congress had to come back and reverse that ill-thought out legislation so that we could bring those economies back online, and they did.

Now, once again we're seeing history repeat itself. And we're very concerned because we're seeing not only an attack on people who have managed to be able to create wealth and who have managed to have capital formation—that's the genius of the United States, private capital formation; you're able to collect money that belongs to you, hold on to it, use that money, put it at risk, create a business, create a service, create products that help all Americans and people around the world. That's the genius of the United States.

Private ownership of property. What did cramdown do today? It did just the opposite. It eviscerated pillars that exemplify American exceptionalism, and it's this; it eviscerates the sanctity of the private contract and it eviscerates the rule of law. What are we without the rule of law? What are we without private contract?

When a person goes to a bank and asks for a loan to buy a home, when that happens, that's a private contract between a borrower and between the lender. Today, this body, the United States Congress, said no to those private contracts. It said that now an American can go ahead and go and file in a bankruptcy court, and a bankruptcy judge could open up that private contract and reset the terms, completely reset the terms. What will that mean? That will mean, in the future, what lender in their right mind is going to lend to someone to buy a

house if they know that a bankruptcy court will come back in and re-think this whole arrangement, perhaps to the detriment of the lender, and the lender may be left holding the bag. And if he isn't, certainly the forgotten man of the private taxpayer will be left holding the bag.

This is something that I found out today that I couldn't believe. You can have someone literally, under this bill, buy a \$1.5 million home, and in some of these markets—southern California, Las Vegas—you can easily buy a \$1.5 million home. And you could have seen that \$1.5 million home lose value so that today maybe it's only worth \$500,000. If you have that borrower go into bankruptcy court today, based upon today's fair market valuation, the bankruptcy court can go in, take your \$1.5 million loan, reduce it down to \$500,000. What happens to the borrower? They can sit in that house for 5 years. Once the 5 years is up, let's say that home has gone back up now, it's worth \$1.5 million again, then the buyer can go sell that house and they pocket that million dollars.

What about that million dollars? Do they have to take it on their income? Absolutely not, they don't; there is no income tax consequence. Is there a capital gains consequence? Under current law, \$500,000 of that gain would be tax free; in other words, that borrower would just skate. The lender was left hanging, the taxpayer was left hanging, but that borrower, who was able to live in that house for 5 years, takes \$500,000 in cap gains free, no tax consequences—what a deal if you can get it—and of the remaining \$500,000, they pay the cap gain on that. Amazing.

Mrs. LUMMIS. Would the gentlelady yield?

Mrs. BACHMANN. Yes.

Mrs. LUMMIS. Who is going to bail out the bank when the bank loses that money?

Mrs. BACHMANN. There's only one person left at this point to bail out. And what the President and what the majority that runs the House and Senate have said, it's up to the American taxpayer. It is the forgotten man of the American taxpayer who is the one who is on the hook for every single one of these boondoggles that we have seen introduced in Washington over the last 7 weeks, it is the forgotten man of the taxpayer.

And what's worse, under this legislation that came through today, you can take what's called the Truth in Lending Act, and the Truth in Lending Act says something like this; if in that example that I gave of someone who takes a house, they buy it for \$1.5 million, it's now worth \$500,000, the bankruptcy judge says now you only owe \$500,000 on this house, that person can go ahead and they can comb through the Truth in Lending Act. And if the bank that made that loan, instead of giving two copies of the loan to the borrower, they only give them one copy, that lender is in violation of the

Truth in Lending Act. Do you know what that means? That means that the lien that the bank has against that house, it goes away because the bank missed a technicality. So that because the bank missed a technicality, that person with the \$1.5 million home that they're now getting for \$500,000, they've just gotten a free home. I mean, they owe nothing on it because that bank has just lost their loan that they had, their lien on the property, and this borrower skates away.

Here's another thing that's even worse. Let's say that guy or girl had a \$1.5 million home, they take out a home equity line of credit for \$1.5 million against that house, they go out, they buy a yacht, they buy a BMW, they take their kids and they go down to Orlando, they do any number of things, so they take that money and they spend it. Guess what? Same result. They will owe nothing because if not every jot and tittle of that Truth in Lending Act is followed, that borrower cannot only see their loan principal reduced, they can see it vanish and go away.

This is beyond belief. It reminds me of that television show "Deal or No Deal," you know. You keep looking to see if some banker has violated some technical provision so you can get a free house. It seems like we're now in the business of turning normal Americans into crooks, where we're going to encourage normal Americans to just stop making payments on their home. Why? Because they can get a better interest rate; they can get a reduced principal; they can get terms that are up to 40 years with zero interest. Just think of the inducements. Shouldn't we be inducing Americans to make growth decisions, good decisions?

These are graveyard economics for the future of our country. And think of the lessons that we're giving to the next generation about how to conduct your financial affairs.

Mr. McCLINTOCK. Would the gentlelady yield? Just a question. You brought up a great point a minute ago where the massive borrowing takes money away from private business. Do you think that what we've done here in the last 7 weeks has been a job creator or a job killer when that much capital goes out of the market?

Mrs. BACHMANN. Doctor, what would you think? I mean, this will be a job killer. As I said, this is graveyard economics. We will not only see, I believe, a continued diminution, if we follow the Obama administration's new calculus on the economy, we will see our senior citizens, I believe, continue to reduce the valuation in their 401(k)s. That's not the future I want to see.

I will yield to the gentlelady from North Carolina.

Ms. FOXX. Thank you, Mr. Speaker. I yield back.

#### THE CRAMDOWN BILL

The SPEAKER pro tempore. Under the Speaker's announced policy of Jan-

uary 6, 2009, the gentleman from Iowa (Mr. KING) is recognized for 60 minutes.

Mr. KING of Iowa. Mr. Speaker, I appreciate the honor to address you on the floor of the House of Representatives.

As I came in here awaiting my appointed hour, I was fascinated to listen to the Members who have spent the last hour talking about what is happening to our country, what's happening to our economics. And I wanted to take this thing another step.

Listening to the gentlelady from Minnesota always has me entranced as to how deeply the thought goes on the economics on that viewpoint particularly.

□ 2145

But I will take it another level from the level of a million and a half mortgage down to \$1 million in the pocket that has been described here. Let me say that a borrower can also misrepresent their income. They could fraudulently misrepresent an appraisal on that property. They can misrepresent their job status. They could commit actual fraud.

They could misrepresent or, under false pretenses, obtain this loan. And the bankruptcy judge, who would now, under the provisions of this language that passed the House today, this bankruptcy judge couldn't even consider the actual fraud or the misrepresentation or the false pretenses because we offered that language in the Judiciary Committee.

In fact, I offered it as an amendment, and it passed the Judiciary Committee by a vote of 21-3. It was not quite the unanimous judgment of the Judiciary Committee that we ought to prohibit any of these cramdown provisions to anyone who has misrepresented themselves in order to get this mortgage.

But, after the fact, after the amendment passed the Judiciary Committee 21-3, without any notice to any of the Members that I am aware of, the language was changed in the bill that came to the floor, which we found, out of due diligence of our staff, reading down line by line, to make sure there wasn't something going on behind the scenes, well, there was. They changed the language.

And the language in the bill, which they have refused to even allow a vote to correct, get back to what the Judiciary Committee approved, that language in the bill now says that the borrower will have available this relief under the bankruptcy law unless they have been convicted of fraud, not out and out open fraudulent action or misrepresentation or obtaining a loan under false pretenses, that's not good enough for the bankruptcy judge to even consider that in his evaluation on whether he is going to dial the 1.5 million mortgage down to half a million and let him walk away with a million dollars in profit out of the deal. But even if they walk away with misrepresentation, they can't consider that be-

cause this Congress has said only can he consider it if the borrower is convicted of fraud.

I yield to the representative from Minnesota.

Mrs. BACHMANN. I thank the gentleman for yielding.

What's amazing about this bill, this cramdown bill, this historic bill that was passed today, is that potentially who are millionaires, who received loans and the multimillion dollar level of loans, literally could have received a loan with zero down. So they could have gone into a home, they had absolutely no skin in the game, zero money down.

In fact, they could have had a negative-equity loan, which means they could have gotten money back at closing. So they could have had zero down with money back at closing and then they could have gone and taken out a home-equity loan based on the value of their property. This was happening.

I mean, let's not forget, just as recently as 2005 we were seeing housing prices go up and up and up. Remember, half of the houses that went into foreclosure were investor homes.

So people were out there going into homes, thinking they were going to flip them, getting in so highly leveraged, and they got into this game. And now, if you own that property, you will be able to go, and you don't even have to answer your phone if on your caller ID you see it's your lender, you don't even have to pick that phone up and talk to your lender. Under this legislation we are going to start seeing television commercials where its plaintiffs' bankruptcy attorneys saying call me, call me, call me. I can get you a better deal on your house.

We are seeing all those ads on TV now. You don't have to pay your tax bill, I will get you off the hook. You don't have to pay your credit card bill. Don't worry, I will get you off the hook, but the one thing, I was born in Iowa, just like our great representative, one thing we learned when we were growing up, we have to pay our bills. Because if we don't pay our bills, our grandparents taught us somebody else is going to, and that's tantamount to stealing.

What I saw today in this cramdown bill reminded me of the 10 commandments and what the 10 commandments teaches to all people in all cultures, and that's that we shouldn't take what doesn't belong to us. When I look at this legislation and it makes clear that people can go before a bankruptcy judge, they can get a false valuation on their home and have their whole debt essentially wiped out. And if they sit on that home for 5 years, they could walk away and skate on a profit at somebody else's expense, I don't know what else you call it. I have no idea what else to call it.

I just know this is immoral. This bill that passed today is nothing short of immoral and people should be ashamed of putting their name on this bill.