us all in and say, The sky is falling, and we are about to go over the cliff, and we need $700 billion to bail out these companies that are in severe difficulty.

I think the American people rightly were stunned, saying, Where did this come from? I think all of us were stunned because we didn't know where it came from.

And what we have found out subsequently is that in many of these operations like AIG, sometimes the CEOs didn't really know the depths of their problems.

I know we had hearings again in the Oversight Committee last Congress where we talked to, for instance, the rating agencies and some of the people who were involved in the measurement of risk and the analysis of risk, and even Chairman Greenspan, who said we had no way of assessing risk that involved declining real estate values.

All of the models they had built to assess the risk, whether it was Moody's or any of the rating agencies or, in this case, the Fed, said our computer models wouldn't accept negative growth in real estate. So all of a sudden the American people say, Whoa. Where did this all come from?

I think none of us really knew where it came from. And the reason we didn't know is because we had trusted the marketplace to be the salvation of our financial system. And, as we have seen, the marketplace that Chairman Greenspan worshipped, and others, was not capable of accounting for what happened in the real world.

So now we are cleaning up. We are trying to pick up the pieces. The American people are rightly dismayed that their government was not on the job. We have an opportunity now to show the American people that they can have confidence, not just in the economy, but also in their government. And that is the charge that I think all of us willingly accept.

I am very happy to be here tonight to talk about that and to be part of a Congress that is responding to a crisis that, basically, we didn't build, we didn't create, but we are more than willing to try to fix, because we owe that to the American taxpayer.

With that, I'd yield back to my colleague from Florida.

Mr. KLEIN of Florida. I thank the gentleman. I think you have summed it up exactly right, and that is the American people want answers. They want to make sure this doesn't happen again. It's unacceptable for there to be cycles where this happens; you clean up and it happens again. This is a very significant time for everyone, and the challenge is great.

□ 1815

So we are going to have to focus on them. And if I can, I will spend a last minute referencing the fact that we are now moving into the conversation about our budget for next year. But talking about the kinds of things that the American people are looking for, it is transparency and openness when we have a budget.

The last number of years, of which this group here has only been here 2 years, but the wars, which obviously we appreciate the work that our military did and all the rest of that, but 100-some billion dollars every year for the last number of years, not even on the books of the balance sheet of the Federal Government. Every year it is a supplemental budget. A supplemental budget is supposed to be when you have an emergency. God forbid you have a Katrina or something like that they didn't plan for. The war was there. It should have been planned for. It should have been accounted for.

And when you talk about a balanced budget, and all of us standing here today, we are fiscal deficit people. We are deficit hawks. We believe in it. I think every American does. It is common sense: You can only live within your means. And the Republicans didn't do it. The Democrats didn't do it in the past. But I think all of us together have got to get it right now. And it is going to take time. We inherited, unfortunately, a very difficult budget, and it is going to take some time to get through this. I think Mr. SPRATT who works with us, as well as President Obama, has got a lot of ideas. We are going to put them through the mix here, and I think we will come out with something. But, most importantly, it is an honest, open conversation.

The American people are smart people. They understand the process of building a budget. They do it for themselves every day around the kitchen table or in their businesses. And I look forward to the opportunity of working with everyone, Democrats and Republicans. There may be differences of opinion and priorities. I happen to personally believe that education and health care and energy, and making this country energy independent, is a very forward-thinking way of addressing the next generation of where we need to be. But we will get through that process. But the point of it is an honest, open process where the American people can understand all the debts, all the possibilities, all the opportunities to build a stronger country.

I will turn it back over to the gentleman from Kentucky.

Mr. YARMUTH. I thank the gentleman from Florida. We just have a couple of minutes left, so we will just have some concluding remarks from the gentleman from Tennessee and the gentleman from Iowa. I think this conversation has been a good one, and I am glad that they joined us for it.

I yield briefly to my colleague from Memphis.

Mr. COHEN. I thank the gentleman.

I just join with my colleagues in saying how much of an honor it is to have the opportunity to try to clean up this mess. And as I started earlier, President Bush is to be commended for saying he hopes this President succeeds. He puts his country before his party. And I hope that his colleagues and the members of his party will listen to him and not to his Vice President, who broke the code of silence before it should have been broken.

With that, I yield to the gentleman from Iowa.

Mr. BRALEY of Iowa. Well, the concluding remarks I just want to offer to the American people are, AIG is now a symbol of Arrogance Inspires Greed. That should be the lasting hallmark of this sad chapter in our Nation's history.

The other thing is, the American people expect us in Congress to provide justice with superior firepower. We have got a lot of intellectual firepower on both sides of the aisle, a lot of bright, creative people who have had diverse world experiences.

And to my colleague's reference about cleaning up, I spent a lot of time doing janitorial work putting my way through college and law school. I have got to tell you, I am excited to be here at this important moment in our Nation's history. We need bright, creative people with critical thinking skills, and together we will solve this problem.

Mr. YARMUTH. I thank my colleagues for their participation today. I look forward to our conversations next week, next Wednesday, and as we go through the year. It is a great honor for me to serve with so many thoughtful, dedicated Representatives.

Mr. Speaker, I yield back the balance of my time.

THE ECONOMY AND GOVERNMENT SPENDING

The SPEAKER pro tempore (Mr. GRIFFITH). Under the Speaker's announced policy of January 6, 2009, the gentleman from Missouri (Mr. AKIN) is recognized for 60 minutes as the designee of the minority leader.

Mr. AKIN. Mr. Speaker, we have a number of interesting topics that we are going to be talking about tonight, and even a little bit of a challenge question for people who are feeling imaginative and innovative, and it is a strategic question about some votes that are coming up tomorrow on the floor. It should be very interesting.

Joining us first off this evening is my good friend, Congressman PITTS, who hails from Pennsylvania and has come up with quite a barrage of different colorful charts here. I don't know, it looks like some part of a critical measurement of somebody's life expectancy or what it is, so I am going to yield time to Congressman PITTS, who has been a Congressman for a long time, highly respected, from Pennsylvania. I yield the gentleman time, and I would like you to tell us a little bit about what you graphed here, because they are quite interesting.

Mr. PITTS. Mr. Speaker, I thank the gentleman for yielding. There is an old saying that a picture is worth a thousand words. And I think sometimes, Mr. Speaker, pictures help explain some otherwise complicated situations, so I have assembled some data about the economy and government spending, and put them on charts to help explain some of the facts.

I think the overall emphasis is that there are economic consequences to what we do and what we say here in Congress. There are economic consequences to our taxation and spending, our budget policies. And I would just like to first explain some of the colors on the chart and go through them.

On the chart you see red and blue lines. The colors here indicate which party is in control of Congress. So where you have red, that is the control of Congress in both the House and Senate is Republican. So you have here and here in these years Republican control. Where you have blue, that is both chambers being controlled by the Democrats. Where you have the slanted marks, you have a divided Congress. So here, the House is Democrat and the Senate is Republican; and with the smaller lines, you have the House Republican and the Senate Democrat. And we have a range of years here from 1977 to 2009.

At the bottom, you can see President Carter here from 1977 to 1981, and then Reagan, and these white dash marks show the range of the terms of the President.

Mr. AKIN. Reclaiming my time. I think what you are saying is you are really putting a whole lot of information in one picture. Aren't you?

Mr. PITTS. That is correct.

Mr. AKIN. The white dash lines are transitions in terms of the Presidencies.

Mr. PITTS. That is correct.

Mr. AKIN. The blue color represents the Democrat color; the red is the Republican color; the hash marks is a mixed bag, you have got Republicans in one body and Democrats in the other. So now you have got basically a whole timeline going, what is it, close to 20 years or so?

Mr. PITTS. That is correct.

Mr. AKIN. Go ahead. Proceed.

Mr. PITTS. Thank you. If you look at how the market, for instance, reacts, here is the Dow Jones in yellow over this period of time. It is going along real nicely here until it hits the red section, and then you see it move sharply up. The Dow goes sharply up. You have a divided legislature. And, to be fair, you had the dot-com collapse and 9/11, as well as the switch of Jeffords to make the divided Congress. It goes down. And then you hit the red, it goes sharply up. As long as President Bush is there to veto any of the proposed tax changes that the Democrats in this Congress proposed, it goes up.

Mr. AKIN. Reclaiming my time, gentleman, it sounds like to me this is stock market advice that you are offering today. What you are saying is if you see the Republicans in charge of the House and the Senate, then go buy some stocks. Is that what you are trying to tell us?

Mr. PITTS. No. I am saying that markets basically react to rhetoric; and that on-again, off-again tax cuts, that rhetoric about tax increases affect the market dramatically in a negative way, and you can see this drop here.

This second chart is unemployment, which is sort of a mirror image in the strong periods and in the weak periods with the recessions. The next charts are the budget deficit and job growth. So if you look at these yellow bars here, these are the budget deficits. Notice under President Obama this deficit here, $1.752 billion, this bar. That is more than all of the 8 of the previous administration, under Bush, combined.

Mr. AKIN. Reclaiming my time, that little yellow line is so close to the edge that the first time I saw that, I just about missed what you are saying. This looks like some sort of science fiction thing. Let's go through it.

If you add up the yellow bars between those two sets of dotted lines, which represents the 8 years of the Bush years.

Mr. PITTS. That is correct.

Mr. AKIN. And that President Bush was being beat up because the Republicans were spending too much money. Now, was that true?

Mr. PITTS. That is true. I remember when they were attacking him for $250 billion deficits. Now, we have a $1.7 trillion.

Mr. AKIN. I voted against a lot of that spending. But now reclaiming, and taking a look at that chart, what you are saying is if you add up all of those Bush deficits together, how does that compare to that huge jump that you see this year?

Mr. PITTS. The deficit of $1.752 trillion is more than all of the previous 8 years combined.

Mr. AKIN. More than all 8 years of Bush. You add all of the 8 years, and you are saying in this year—is this 2009?

Mr. PITTS. That is correct.

Mr. AKIN. You are saying that, in 2009, we have more deficit we racked up than all 8 years of Bush?

Mr. PITTS. That is correct. I could have really scared you and showed you the proposed deficits in the future, but I only have this year's proposed deficits.

Mr. AKIN. My heart might not handle that.

I notice we have been joined here by Congressman ROONEY from Florida, who is bringing a little bit of southern perspective on these charts.

I yield to Congressman ROONEY.

Mr. ROONEY. Thank you, sir. I appreciate the chart, first and foremost, because what I wanted to jump in and tell you is that we have been joined by some children in the chamber. This past weekend, I had the opportunity to go camping with my kids in Central Florida, and it all sort of dawned on me and hit me at once, as we are now referred to as the party of ''no.''

When you see a chart like this and you see what these children are about to face and what my three young sons, who are 7, 5, and 2, are about to face, why we are the party of ''no.'' And we heard recently from the other side as they were here and how outraged they were at AIG and how outraged they are at some of the things that are going on, this is why we vote ''no.'' This is exactly the reason why. We have to stand by our children and not saddle them and put on their backs what you are displaying on that chart there, sir, so that we can keep our financial house in order and allow it to translate to them an America that is better than we inherited.

We are on the cusp, as one of my friends in Florida likes to say, of being the first generation of Americans that leaves to their children an America that is worse off than what we received. That is all on us.

So we can sit here all day and talk about how outraged we are at AIG and what has happened with these bonuses being paid out that was agreed to and voted on by this Congress, even though a lot of us on the Republican side voted ''no,'' to be called the party of ''no'' and to see this, and now to hear the Democrats say they are outraged by what has happened.

Mr. AKIN. What just occurred today made it pretty obvious why we needed to be saying ''no'' to that big porkulus bill; because it had, just as we knew it would, all these little things hidden in it. We are going to be talking about that. We are going to be talking about some of the things that were hidden in it that were just announced on ABC News just recently.

We have also been joined by a doctor, we have increasingly a number of doctors in this Congress, the good Dr. CASSIDY from Louisiana.

I yield time to Dr. CASSIDY.

Mr. CASSIDY. Thank you. It is interesting, as you are talking, two things occurred to me. You mentioned how taxes have the ability to create uncertainty.

Now, if we just take this, not from the nationwide but bring it down to a family in Louisiana. This new budget is going to tax oil and gas exploration. Well, it turns out 90 percent of oil and gas is done not by ExxonMobil but by small wildcatters, if you will, and these folks employ about 320,000 people in my State in petrochemical. Now, these are great jobs. These jobs give benefits. They allow people to pay their mortgage. They are not service level in that sense, but they are jobs of the type that you can raise a family.

So earlier we heard our Democratic colleagues speaking about our need for energy independence, and I am struck. I am new here, so I don't quite understand it.

We want energy independence. We want to create good jobs for working folks with good benefits, help the uninsured, but at the same time we are penalizing a domestic energy industry, which cannot move because it is domestic, which is helping our energy independence and which is creating these jobs.

□ 1830

Mr. PITTS. Would the gentleman yield?

Mr. CASSIDY. Yes, sir.

Mr. PITTS. I serve on the Energy and Commerce Committee, and we are having hearings every week. We had one today on the proposed new proposals, cap-and-trade they call it, of the Obama administration. Now in a time of economic uncertainty, families and small businesses have to conserve. They have to be more efficient. They have to save. They have to be a lot more frugal. This is not the time to massively expand the Federal Government.

We should be doing what we are supposed to do in a more frugal way, a more efficient way. And yet the new administration is proposing vast new proposals in the area of government-owned health care, in the area of cap-and-trade, which is a tax on all energy use in the United States.

Mr. AKIN. Reclaiming the time here. I recall standing not very far from where I'm standing right here on the floor of this House and hearing the President make a promise. And I felt good when he made the promise. He said, ''I'm not going to tax anybody who is making less than $250,000.'' And I sort of slumped back in my chair and said, ''well, at least he missed me.'' Now we are talking about cap-and-trade. And what he is going to do is he is going to increase the energy costs on every household across our country. It doesn't make any difference how much money you're making. If you're using electricity or burning fuel, you're going to get zapped. And the average is $3,000 per household. When you see that big yellow line, that just isn't a big old line on a graph. We are talking about families in America in all of our districts getting saddled. And this is just one proposal. This is just ''cap-and-trade.''

Mr. PITTS. Will the gentleman permit me to speak here? The cap-and-trade proposal really has eight taxes on energy. And the President is proposing to raise $646 billion with this new cap-and-trade regime. So this big line here, the deficit here, which makes all the other deficits look small in comparison, is reflecting these massive new government programs. In the stimulus bill we passed—not we—but the Congress passed, the creation of 31 new Federal programs and an expansion of 73 existing programs. This is massive government spending. That is what is reflected in this.

Could I just point one other thing out, Mr. Chairman?

Mr. AKIN. Certainly.

Mr. PITTS. There is a good lesson in here. Do you see these 4 years right here when the Republicans controlled the House and Senate? Speaker Gingrich was here. I served on the Budget Committee with John Kasich of Ohio. And because the Republicans in Congress worked with President Clinton—Clinton deserves some credit, and we deserve some credit—we balanced the budget 4 years in a row. We had four consecutive balanced budgets and paid down the public debt 4 years in a row.

Real bipartisanship works. This phony bipartisanship of wanting us to come in at the last minute and vote for something without having any bipartisanship in creating the bill, in crafting the bill at first, that will not work. Real bipartisanship is good for the country, not calling us in and trying to buy off three votes at the end. I yield back.

Mr. AKIN. The gentleman from Florida, Congressman ROONEY.

Mr. ROONEY. Sir, I appreciate your saying that, because as I stand here with my colleague, Dr. CASSIDY, as a fellow freshman, I do believe that when we came up here after campaigning recently, what the American public, or at least my constituents, were expecting, was the bipartisanship that you are talking about. And I have to tell you, it is the biggest disappointment from taking the oath of office and starting as a congressman, that that is just not reality. I don't know if that is how it has worked. Obviously, it has worked in the past. But that is not what we are getting now in this Congress. And it is an extremely disappointing, eye-opening phenomenon that unfortunately we have to endure.

I just want to expand a little bit on what the gentleman was talking about with regard to the $250,000 on top of what you are talking about with cap-and-trade, or cap-and-tax, as some people like to call it, with the people that are going to have to pay the $3,000 per household to afford the energy costs that cap-and-trade will bring. But the $250,000 cannot be dismissed without first realizing you're talking about the small business owners. The people who in my district employ five, 10, 15 people, they have told me that if they have to incur more taxes, because they are doing their taxes right now, if they have to incur more taxes, they are going to have to lay people off. So even if you don't make $250,000, you are going to be affected by this tax increase because you might be one of those people that the people making $250,000 lays off.

So I think it is important that the spending, the taxing, and now obviously the borrowing that we are having to incur is just the wrong recipe, as I said before, for the future of our country.

Mr. CASSIDY. Will the gentleman yield? It is a little bit ironic because I actually think our hopes are bipartisan. Our hopes are that we create jobs for the American people. Let's give it to our Democratic colleagues. They felt like spending this $1 trillion dollars is actually going to stimulate jobs.

Now, as I listened to you, Mr. PITTS, speak about your committee, John Marshall's quote occurs to me, ''the power to tax is the power to destroy.'' I think our function here is actually to connect the fact that we share that hope for more jobs. But our fear is this tax, which is being justified by this deficit spending, will destroy. It will destroy these kind of jobs that we have in Louisiana for folks who may not go to college, but nonetheless are earning $70,000 to $80,000 a year and sending their kids to good schools with good benefits. And we are going to destroy it in the name of creating new jobs. When I was running for office, Congressman ROONEY, that was backward logic: Let's destroy in order to save.

Mr. ROONEY. If the gentleman will yield. And the question that you have to ask yourself, say that there are jobs created, and certainly there may be short-term jobs created. But what happens when the money runs out? You either have to pass another stimulus bill to keep those jobs or the small businesses are going to have to absorb those jobs. But if they have to incur increased taxes, they are not going to be able to do so. So whatever jobs are created through the current stimulus are a flash in the pan. And we are seeing there are a lot of things in that stimulus that we don't like so much, like bonuses for AIG. That is why we voted ''no.'' And we are criticized for doing that. But it was the right thing to do. I think that in the end, with what you're saying, Dr. CASSIDY, is that there may be a short flash in the pan for jobs, but it is not the long-term jobs that this country needs.

Mr. CASSIDY. The thought also occurs to me that obviously the jobs that are created that do have long-term benefit are created by those small businesses. And so the thought occurs to me, someone said, a commentator of some sort, it is good that the stimulus package is going to have people hire two more, say, police officers. That is good. It helps safety on the street. But two more police officers does not create 10 more jobs. On the other hand, if we can enable that small business, that small business will create 10 more jobs. So, again, it just keeps echoing in my mind, ''the power to tax is the power to destroy.''

Mr. AKIN. Reclaiming my time. We have shifted the topic here just a little bit. But I think it is very important. And you're making excellent points.

What I'm hearing is we are talking about taxes. Let's just talk a little bit about an average guy that has a small business, because 70 or so, depending on how big you call a small business, 70 or 80 percent of the jobs in America are in small businesses. So let's talk about the average guy in a small business. First of all, most of them are making or have a $250,000 income. So starting right off the bat, we are going to tax these guys, because they are the rich guys.

Mr. CASSIDY. And gals.

Mr. AKIN. They are the ones making over $250,000. So first off, we are going to tax the very source of 70 percent or 80 percent of the jobs in America. Then we are going to whack them with a tax on energy, first in their own home, but then in their businesses. Depending on if it is a small job, it may or may not be an energy dependent kind of business. So we are going to hit them again. Then we are going to hit them again by allowing the dividends and capital gains tax cut, which very much helps small businesses, and the death tax, all that is going to be allowed to expire. So now we are going to whack them the third time.

After you get done beating them and beating them and beating them, then what we are going to do is spend money like mad on government programs, which the gentleman from Pennsylvania's chart is showing is unprecedented, we are in uncharted waters, so we are going to vacuum all the liquidity out of the economy so it makes it harder for the small businessman to get a loan and make an investment.

Mr. PITTS. When we talk about $250,000 adjusted gross income, you're talking about a lot of small businesses who may be what you would call ''asset rich but cash poor.'' They may have assets in building, lands and equipment. But that is where they put their profit. That is where they put a lot of their money. They are just not walking off with $250,000. They are small businesses that are investing in their businesses and creating jobs. So, we should keep in mind that government cannot create wealth. It is the American people. It is the entrepreneur. It is the small businesses that have to do that.

However, government can hinder economic growth. With flawed policies, flawed tax-and-spend policies, borrowing, spending and taxing too much, we can crowd out the private sector. So that is important to remember as we look at the impact of these proposed new taxes. But that kind of rhetoric, on-again off-again tax cuts, tax increases they talk about, creates uncertainty in the market. So you will see people not investing, not risking their capital, and holding back in uncertain times.

Mr. AKIN. Basically there are a bunch of people that are old geezers like I am. I'm a baby boomer. And you have saved money for years and years and years, and all of a sudden half of your money is gone because of the entire economic crisis which is a result of these kinds of socialistic policies which say that we are going to give loans to a whole lot of people that couldn't afford to pay, and we created this entire loan crisis. The loan crisis then spreads to the rest of the economy. So now you have people who are not very eager to be putting money into small businesses because they just lost their life savings on the stock market. So what they are going to be spending money on is gold bricks to stick under their pillow or other kinds of things. But they are not going to want to take those risks.

We have been joined by my good friend from Ohio, Congressman LATTA. Welcome to our discussion.

I yield time.

Mr. LATTA. I thank very much the gentleman for yielding. And I appreciate your having this very important discussion this evening. I have been sitting here listening to the other gentlemen this evening. I have been having what we call ''courthouse conferences'' in my district. What I have been doing is I have been going around the district. We go to two counties a day when we are not in session. We are there from about 8 o'clock in the morning to about 12:30 in one county, and then 1:30 to 6 in another county, and I meet with constituents almost every 10 minutes.

What you have been talking about is on the minds not only of your constituents, and your constituents in Pennsylvania, but constituents across this country. And I will tell you, the question on their minds is about jobs. And it is about saving that wealth that they tried to accumulate, as you said, in their 401(k)s and their IRAs. They are worried about the Federal spending that is going on out there.

You're absolutely right. The small-business owners are the ones that are creating the jobs in our area right now. A lot of people think it is the big corporations. No. It is not. It is those smaller companies.

I sit across the table from these individuals. They look you in the face and they say, ''do you know what? I'm not sure how I am going to keep my doors open. We are having a liquidity problem. We are having a problem where we are losing our orders.'' But there is one thing that they all say. They all say the same thing: ''I feel a responsibility to the people I hire. How am I going to look those people in the face in a few months? I have 20 employees or 30 employees. And I have to start laying these people off. These people not only work for me, but they are part of my family now. They live down the street from me.''

You're absolutely right. We are going down that road of ruin. It was not that long ago, back in the Carter administration, when we saw interest rates in this country go up to 21 percent. And what did that do? As you said, Federal Government does not create any wealth. We consume wealth. It is that small entrepreneur out there that creates the wealth for this great country of ours. So when we watch what happened back in the Carter administration, it is not that long ago that you couldn't go down to the local bank and get a mortgage. You couldn't get a loan. I started practicing law back in those days. We had to do what they call ''laying contracts,'' where the seller actually had to do the financing for the buyer because there was no money.

I will tell you, the last thing we want to see in this country is interest rates going back to 21 percent. I remember, though, you could get a money market at that time, you could get a 14 percent return on your money. But if you are paying 21 percent, you're in the hole.

So not only the folks back home in northwest and north central Ohio are scared, but people across this country. They tell us, ''here we are in our businesses cutting back. We are trying to scale back in every possible way that we possibly can. But what's the Federal Government doing?''

□ 1845

They just see us with the $700 billion bailout last fall for the financial institutions. And then they find out about AIG and the big pay outs. And they ask how about the stimulus package, how is that going to help me? How is the $75 billion on the mortgage bailout going to help me? What is going to be in it for me with the $410 billion omnibus. And as the gentleman talked about, we might be talking about another stimulus package. Who is going to pay for it? You are absolutely right, the generations to come are going to be paying for it.

Mr. AKIN. I yield to the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. This fourth chart shows the job situation. Above the line is job growth; and below the line is job loss by month. You can see when Reagan or Bush inherited a recession, when they passed these tax cuts, they stimulated tremendous job growth.

For instance, in 1981, the capital gains tax was reduced from 28 to 21 percent, and the revenue rose by 325 percent in 6 years.

In 2003, you remember that under President Bush, when we reduced the capital gains, revenue rose 159 percent in 5 years. So this tax policy stimulates the formation of capital and directly affects job growth or job loss. Our tax policies have real economic consequences.

Finally, the last chart. The President talked about gyrations in the stock market. So I took this last year from February 2008 to March 2009, and here is where the President Obama was inaugurated. I put up several things we considered in the Congress. The rebate checks, the housing bailout of $300 billion, the Fannie Mae and Freddie Mac bailout of $200 billion. You remember the $700 billion bailout we passed, look at how the market dropped after that. Here is election day. Here is the auto bailout. Here is the stimulus bill, a $787 billion stimulus bill, look at the market drop. The $410 billion omnibus bill, look at the market drop; and now the proposed $3.6 trillion budget. What we do here has direct economic consequences on the market and on job formation.

Mr. AKIN. Reclaiming my time, there are two general theories going way back in our past in America about what do we do when we start into a recession. One of the theories was started back in FDR's day back in the 1930s.

We started into a recession, and there was a guy, Henry Morgenthau, and he was the Secretary of Treasury under FDR. He had the idea that we will spend a whole lot of government money, which will stimulate demand and get the economy going. People today still talk about stimulating demand by a whole lot of government spending. That guy's name was Henry Morgenthau. So how well did it work? He was joined in that theory by a little fellow by the name of Lord Keynes; a strange fellow. Because of his name, we called it Keynesian economics. And so at the end of 8 years of a tremendous level of government spending, Henry Morgenthau meets in the U.S. Congress in the Ways and Means Committee, and there is a quotation I have which says, ''We tried spending. We spent and spent, and it doesn't work.'' This is a guy whose theory it was you have to spend a whole lot of money. He said, ''It didn't work, and unemployment is as bad as it was 8 years ago. And what is more, we are tremendously in debt.'' The Japanese tried it in the 1970s, and it didn't work for them.

So what is the other theory than this Keynesian idea, the theory you are talking about, sometimes called supply side. JFK, who is obviously a Democrat, did a significant tax cut, and the economy improved. Ronald Reagan, another almost 20 years beyond him, did the same thing. You get this big kick, and then what you are showing there is President Bush. So this has been done a number of times.

The one thing I regret, and you could have assumed from your chart, was that every tax cut is going to produce this improvement to the economy. I think the facts of the matter are it is not every tax cut, but certain specific tax cuts, particularly targeted, as the gentlemen that were guests before were talking about, toward what is going to affect that small business. So the tax cuts that really work are things like dividends, capital gains tax, death tax, and things along those lines because those allow the small businessman to have the liquidity to invest in his own company, and that is what really works.

So it is not like Republicans just say no. It is just what we are saying no to is an absolute runaway train of government spending.

We have been joined by the gentleman from Louisiana (Mr. SCALISE).

Mr. SCALISE. I want to thank my friend from Missouri. I think what you have been showing really is something that people around the country have been seeing for the last 2 months. They have realized what this change really means in terms of policy because ultimately what the markets are reacting to, what people are reacting to when they are at the water coolers is not just the rhetoric because the rhetoric during the campaign sounded really good. It was hard to disagree with people saying we need to be fiscally responsible.

But when somebody says we need to be fiscally responsible, which I agree with, and then they present a budget which is $1.7 trillion out of balance, the largest deficit in our country's history, not just spending at record levels, dangerously record levels, but also adding $1.4 billion in new taxes, I think that is at the point where people said, Wait a minute, this wasn't the change that I envisioned. This wasn't what I was promised.

The American people were told that 95 percent of the people in this country won't pay a dime in new taxes. And then they see this energy tax, this cap-and-tax proposal by the President, which literally would increase the taxes that people pay on their electricity bills. Anybody and everybody in this country who has an electricity bill will see at least a $1,300 a year, and the newest reports that are just coming out as they are factoring more of these changes, this budget that just got filed, the revised estimates are showing over $3,000 per family in America in new energy taxes.

When people see this, they are saying, Wait a minute, that's not what you told me. That wasn't the change I was envisioning when you told me only the top 5 percent, people making over $250,000 would pay more. Not that it is a good thing to play class warfare, and I think that is the danger of class warfare that we are seeing. And your charts reflect what is happening because the markets continue to drop each time more of these proposals come out.

We have been having hearings now in committee for the last 3 weeks on this energy tax proposal, and not only will every American in the country see now roughly a $3,000 increase per year once this is effective; and, hopefully, it will not be effective. This bill still hasn't passed. These bills just got filed 2 weeks ago, and the American public is starting to digest it.

I think the AIG scandal that just erupted in the last few days shows people what the fine print really means. When that stimulus bill that the President said that we needed to rush through, didn't want to give anybody in Congress a chance to read the fine print, those of us who voted against it, and I know everybody talking tonight, the reason we are here tonight is because we opposed those bad policies because we knew it was bad policy, not because we want to be against or for.

Mr. AKIN. Reclaiming my time, gentleman, you have moved into a subject that I definitely wanted to get to tonight. I think this is something that our other congressional friends who are joining us tonight, and others, perhaps, would want to understand because this is an extremely exciting juncture really where we are timewise today and tomorrow.

I want to recreate what happened here on the floor less than 2 weeks ago. First of all, we voted for a measure that said when this great big bill, this supposedly stimulus bill, which I somehow call ''porkulus'' bill, when it comes out, we will have 48 hours to read the thousand-plus pages so we have some idea what is in this bill. And everybody on this floor voted that we would have 48 hours to have time to look at what was in this bill. It was $700-plus billion. We are talking about enough money to buy at the rate of—I think of big things because I am on Armed Services, you could buy at the average cost 250 aircraft carriers with this much money that we don't have. And we only have 11 in our country.

Mr. PITTS. If the gentleman would yield, we have to borrow that money. That is all borrowed money, $787 billion. When you add the interest on that, that amounts to about $1.1 trillion, the price tag of that one bill.

Now President Obama said right before we voted that we are in a crisis and we must pass this stimulus bill immediately or we may suffer a catastrophe. That is the kind of rhetoric that scares the market. We need to stay away from the rhetoric of fear and panic and disaster and catastrophe, a lot of which has been used to pass these bills. That bill you are referring to was 1,174 pages long. It wasn't put on the web until after midnight. The next morning at 9:00 we were debating and voting on that bill. Not one Member had a chance to read that bill. That is legislative malpractice.

Mr. AKIN. Reclaiming my time, so what happens? We vote for 48 hours, the bill comes along and we are supposed to have 48 hours, and we get a copy of it at 11:30 Thursday night; 1,100-plus pages, more than a thousand pages, as you said. So we get a copy of it. And, of course, we have lots of staffers sitting around at 11:30 just waiting for the bill, right. The next day what do we do, we vote on the bill.

Now of course what happened was the Republicans voted ''no.'' There was talk about we are going to have transparency and we are going to have bipartisanship on the floor. Republicans asked, Hey, I thought we had 48 hours? Do we have any way to get our 48 hours?

The answer was: No, we are going to vote on it.

We didn't like that, partly because of the tremendous cost of it, and also because what is hidden in those thousand-plus pages? That brings us up to today.

Where we are today is we find that hidden in this bill in conference, put in according to ABC by Senator DODD, was an amendment that says that the executives from AIG insurance company, and a lot of them live in his district, that those executives can keep their $165 million in bonuses. Now the public is upset about $165 million in bonuses, and I can't say that I blame them. But on the other hand, they should be even more upset. It is not just millions, you have to look at that letter, it is billions or trillions.

I yield to the gentleman from Pennsylvania.

Mr. PITTS. I have a copy of that press account that occurred yesterday. It was ABC News. Jonathan Karl reported this: ''Last month the Senate unanimously approved an amendment to the stimulus bill aimed at restricting bonuses over $100,000 at any company receiving Federal bailout funds. The measure, which was drafted by Senator OLYMPIA SNOWE of Maine and Senator RON WYDEN of Oregon, applied these restrictions retroactively to bonuses received or promised in 2008 and onward.'' But then the provision was stripped out during the closed-door conference negotiations involving House and Senate leaders and the White House, and a measure by the Senate banking chairman, CHRIS DODD of Connecticut, to limit executive compensation replaced it with an 11-page amendment. DODD'S measure explicitly exempted bonuses agreed to prior to the passage of the stimulus bill.

That should be investigated. That is the news story you are talking about.

Mr. LATTA. If the gentleman from Missouri would yield, I think the real question is where is this taking us? As the gentleman mentioned, $1.1 trillion, and the American people and the folks in my district are saying this: $1.1 trillion, what is this all adding up to?

Right now, this country is $10.6 trillion in debt. By the end of this fiscal year, this country is going to be $12.7 trillion in debt; $12.7 trillion.

And it hasn't been very long, when you start looking at the figures, in 1979, the national debt of this country was only $129 million. We went to $2.8 billion in 1989, and it started going up. But when you start looking at the totals, the thing that really concerns me is not only are we building this debt up, but we have a $1.75 trillion deficit. The real question is: Who is buying this debt? Who is buying this debt?

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Right now, we have a $3 trillion debt that we owe to foreign countries and governments, $727 billion is what we owe the Chinese right now—they are our largest debt holders—and that is not counting what they own in Fannie and Freddie, which takes them over $1 trillion of our debt.

What is happening in this country is, we are going to not only have problems in this county trying to pay this back, but we also have a problem in this country, we have a situation where we are trying to say, in our foreign policy, who is going to start dictating it, us or our debt holders? And that scares the living daylights out of me.

Mr. AKIN. Reclaiming my time, when you start talking about debt, the public understands one thing; you have a bunch of executives who have run a company into the ground, and then they're picking up $165 million in bonuses for doing it, and out of the pockets of the U.S. taxpayer. The one thing is if you think people are mad now, if $165 million bothers them, when they start looking at the billions and trillions that are being wasted with no transparency at all, they are really going to be getting mad.

We are also joined, I see, by my friend, Congressman SCALISE from Louisiana. I will yield to the gentleman.

Mr. SCALISE. As we complete the thought that we've been talking about, these were all things that didn't just happen by accident. This was in legislation. We are not talking about the previous administration. The word ''inherited'' seems to be thrown around a lot here. The same people that support the death tax seem to be trying to say they inherited every problem that exists. And there sure is blame to go around from people in years past, but we don't have time to talk about the past. What we do have time to talk about is what is happening today.

In the stimulus bill that everyone here tonight is talking about, these problems and the ramifications throughout the country, throughout our economy, with what is happening with these policies, this was in legislation that was passed by this President. Just 3 weeks ago, he signed that stimulus bill that he himself pushed through Congress, said it had to be pushed through at record speed, didn't want to have the accountability and the oversight. And so Congress literally, in 2 weeks, spent a record amount, $800 billion, that we all voted against because we knew it was bad policy. But the President said we need to act soon, and this is all critical to getting our economy back on track. I mean, look at the details.

Mr. PITTS. Will the gentleman yield?

Mr. SCALISE. Yes.

Mr. PITTS. I know the public might sometimes be confused by all these bills we talk about. There was a $700 billion bailout bill; there was a $787 billion stimulus bill; there was a $410 billion omnibus bill—the one that had the 8,500 earmarks that he signed last week that just funds the government for the rest of this year; and then now we have this proposed budget of $3.6 trillion.

Now, the gentleman from Ohio was talking about the Chinese owning $726 billion of our debt. You know, I met with a Chinese delegation last month of officials from China, and the first question they asked me was, Congressman, is America abandoning the free market system? I mean, the world is watching this. And they have expressed some hesitancy about buying more of our debt. I think when we go on the market with $2 or $3 trillion in treasuries this year to fund our budget, we are probably going to have to raise interest rates on those notes, or else we're going to have to print money. We are going to feed inflation. At the end of this year, I am afraid we are going to see inflationary pressures that is going to impact every consumer, just like the energy tax.

Mr. SCALISE. Reclaiming my time, and what you're talking about is something that we are already starting to see; it's problems that happened in the 1930s during the Great Depression. And unfortunately, it seems like history is repeating itself because we are seeing that, now that countries are saying we're concerned about this level of debt that America is going into, families across this country are concerned about this level of debt.

It seems like, in Washington, that this liberal leadership is the only group that wants to go on this wild spending spree. The good news is it hasn't all happened yet. Some of it has. That $800 billion stimulus bill that we talked about that didn't do anything to stimulate our economy that President Obama signed, that bill that had the language that protected AIG's bonuses that we're all outraged about—and it is kind of ironic when you see those people feigning their anger and saying those people are getting these bonuses, $160 million—that I agree is offensive; the problem is, they put the language in. This President signed that bill that protected those bonuses.

The record is clear. You can go back and look at it. And I think my friend from Missouri actually pointed out the chronology of how that got thrown in, airdropped in in that final report.

I yield back.

Mr. PITTS. You said wild spending spree. I really think this is by design. I think they are exploiting the financial crisis to move their political agenda and tuck into these big spending bills—that they are not permitting anybody to read—all of these issues that we are now reading about, like repealing welfare reform, that worked well, that the Congress passed back in '96. Now there is an incentive from the Federal Government to the States, 80 percent match for every new welfare recipient you add.

Mr. AKIN. Reclaiming my time, I like to get right up because we are talking about something that has been happening today. This is on the news. I think this is a very interesting kind of scenario.

So what happened a couple of weeks ago was, first of all, you had this tremendously expensive bill which was called stimulus—that I call porkulus. It came along. We were promised we would have 48 hours, we did not. It came to the floor. The Republicans voted ''no'' on the bill because it was way too much money, but also, we didn't even have a chance to know what was in it. But who did know what was in it? Well, certainly, according to ABC, Senator DODD knew that he had allowed these executives from AIG to have this $165 million in bonuses for shipwrecking their company. Now what we have going on is we find out in testimony today that the administration knew that that was in the bill; obviously they would have probably had some people scan it before the President signed it.

So now that the President, the administration, was aware that this was in the bill, that the executives were going to get their $165 million, that it was put in there by a Senator—who, by the way, had a loan for 3 percent on his home, who also got more money from AIG than any other Congressman. AIG gave him over $100,000 in 2008. The only second-place contender was the President. So the President and the Senator both received over $100,000 from AIG. This amendment was slipped into this bill—and we, of course, didn't know it when we voted ''no'' on the bill.

So, what is going to happen tomorrow? I am going to finish what is going to happen tomorrow, and then I would encourage some discussion, because this is kind of like a little case study. Because now the Democrats have put this amendment in, these executives are getting their $165 million, and the public is going crazy. They are mad. They are ready for somebody's scalp. And so we are going to bring a bill to the floor which is going to say that we are going to tax these executives at a rate of 90 percent. Well, that's interesting, isn't it?

We already knew they were going to get paid, and so now we are trying to somehow put the toothpaste back in the tube. We are going to tax a couple of specialized, specifically named people at 90 percent—which, of course, is unconstitutional. How would you like it if somebody could single you out as the only guy on your block and we are going to tax you at 90 percent, but nobody else? It is completely unconstitutional.

So they are going to bring a bill to tax these guys at a 90 percent tax rate, which will make a lot of Americans on the surface think, oh, this is a pretty good idea. And if we vote no because it's unconstitutional—because we took an oath of office to protect the Constitution—- we look like we are defending people getting $165 million for crashing this company. So that's a pretty clever thing to do; it's a good diversion.

I thought it was a brilliant piece of strategy to try to cover the fact that the Democratic Party knew that this thing was in the bill all along, did not take any actions. Now people caught them. Now people are mad. And so what we are going to do is we are going to start this unconstitutional policy of taxing somebody. Now, the question then becomes, what are the Republicans going to do tomorrow morning? That's going to be an interesting question.

I yield to my good friend, the doctor from Atlanta, Georgia, Congressman GINGREY.

Mr. GINGREY of Georgia. Well, I thank the gentleman from Missouri for yielding. And I thank the gentleman from Pennsylvania, Congressman PITTS, for holding this hour-long discussion, Mr. Speaker, and my colleague, Representative LATTA from Ohio, and others that have spoken. I appreciate the opportunity.

And Representative AKIN just mentioned, my colleagues, that tomorrow we are going to have this bill under suspension that so-called ''gets our money back.'' It's telling the American public, oh, we are going to get our money back from these absolute scoundrels that got these bonuses—in some cases, $1 million, I think there were a couple of cases where people got $3 million, and in the aggregate, something like $160, $170 million. I will tell you, I would call those bills, the bill tomorrow, the ''unrighteous indignation'' bill, or maybe the ''majority mendacity'' bill. Because what this majority party wants to do, Mr. Speaker, is posture themselves like, oh, you know, we are going to go after the bad guys, when, as the Congressman just pointed out, when you connect the dots, when you follow the dots in some of those charts that were presented earlier and you see that we have actually given this insurance company, American International Group, $190 billion, that is over a thousand times as much as these bonuses.

So the real issue, which they are diverting our attention from—they, the majority party—and don't want the American public to realize what they have done——

Mr. AKIN. Reclaiming my time for a second, you just gave us a number thing. It is hard to keep all those zeros straight. You are saying that we just gave—as I recall the number was $173 billion to AIG. How does that compare to $165 million? What was the ratio?

Mr. GINGREY of Georgia. Well, reclaiming my time, you add three zeros to that. A million is six zeros. A billion, if I am correct, is a thousand million.

Mr. AKIN. So a thousand more than this executive pay thing?

Mr. GINGREY of Georgia. This is what we are talking about, literally, the money that was given to this company.

I know, Mr. Speaker, the American people, when you explain that to them, they can understand it. And they say, well, now, wait a minute, this is an insurance company. I've got my life insurance, I've got my health insurance with Prudential or Provident or Aetna or any other. I mean, it's not like it was the only insurance company in the world. And this business of being too big to fail—because what they did is they, in these subsidiaries, they weren't just satisfied with making money off selling life insurance, they had to get into this business of selling these financial products, these credit default swaps and mortgage-backed securities and derivatives, things that the common man doesn't even know what you're talking about. But it's all about greed.

And I am telling you, this business of bailing them out with our money, taxpayer money, Mr. Speaker, people like my constituents in the 11th District of Georgia who are struggling every day, some of them, through no fault of their own, losing their homes, losing their jobs—particularly if they're in the construction business—can't get loans. And here this majority party is continuing to give this company—and I think my figure is right, Mr. AKIN, that $190 billion will be the amount, the bailout money that, in the final analysis, we have given to—and maybe that's not the final analysis. Maybe we are going to say, oh, we are going to get the $170 million in bonuses, but we are going to give another $25 billion to this company.

I yield back to my colleague.

Mr. AKIN. That does raise, though, an interesting question. Because here we are, we are in the middle of this whole situation. We understood that there wasn't time to look at what was in the bill. We know that this prominent Senator, that is in the same home as AIG, who has got that 3 percent loan on his house, he has received more money than any other Member of Congress—House or Senate—from AIG, that he put the amendment in to protect those bonuses. And the administration knew that was in there, and yet there is this sort of a mock sense of, hey, we are really upset about this. So what we are going to do is we are going to just ignore the Constitution and tax these guys at 90 percent. And then that puts us in a trick box as Republicans; do we vote to ignore the U.S. Constitution or do we vote to try to make some claim on these guys' salaries?

Mr. GINGREY of Georgia. If the gentleman would yield just for a second on this point, and then I will yield back to my colleague from Pennsylvania, Representative PITTS.

On this particular issue, don't forget, my colleagues, that at that so-called ''conference committee'' back in the fall when this economic stimulus bill, all the details were being worked out, the majority party was there in the dark of night. I don't know how many conferees from the minority party were there, but the administration was absolutely there when this provision, as my colleague said, was put in by the Senator from Connecticut, Senator DODD, in regard to making those changes so that these employees of AIG could get these bonuses. But a representative of the administration, the new administration, the Barack Obama administration, Mr. Speaker, was in the room and knew exactly what was happening. And the second largest recipient of contributions, when he was in the United States Senate, from AIG was none other than Senator Barack Obama. I think it's very important that the American people understand these things and try to connect the dots.

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Mr. PITTS. I just want to say after hearing the gentleman, I can only say one thing: Please, no more bailouts. Look at the market and see what has happened with these big bailout bills.

I would say the message that I'm trying to convey here tonight is that policies matter. And some policies help create an environment in which the economy is able to thrive, and wrong policies have the opposite effect. So let's learn the lessons that we can learn from these charts. Let's get good policies again. Let's get our spending under control. Let's not tax too much. Let's not waste money. Let's not borrow too much. And if we will pursue good policies, then, hopefully, the market will start responding again the way we'd like to see it.

And I thank the gentleman for yielding.

Mr. AKIN. Reclaiming my time, gentleman, when you talk about consequences, just taking a look at that one bill alone, which was the thing they called the ''stimulus'' bill or the ''porkulus'' bill at $800 billion, $800 billion that we don't have. We only have a 300-ship Navy. We're talking 250 aircraft carriers as the equivalent cost. But let's talk about what the indebtedness of that is. Just that one bill, what that would mean would be nine new aircraft carriers every year. That's just the cost of the debt that we're getting into.

Mr. LATTA. Will the gentleman yield?

Mr. AKIN. I will yield.

Mr. LATTA. I think the number I'm now seeing is that by the year 2012 we'll be paying a billion dollars in interest on the debt every day, which is absolutely putting our future generations in the hole that they're never going to climb out of. And that worries me with our kids back in Bowling Green and what we're going to do to their future. And I don't think it's right what this Congress is doing.

I think a little earlier I might have misspoken when I was talking about some of the debt numbers. You start throwing around billions and trillions, and I think the numbers I should have been saying were trillions when we talking about the debt in 1989 and 1999 and 2007. But those numbers keep going up. And we can't have that going on because, again, as I've mentioned and as all the gentlemen have mentioned this evening, when you look at what we have been doing to this country and owing foreign governments only $119 billion in 1979 and, as I said a little bit ago, that we now owe over $3 trillion. As the gentleman from Pennsylvania mentioned, the problem we're going to be having is that we're going to have a situation with this debt going up. The President has already said if we can't get people to buy that debt, we're just going to have to raise that interest rate. And as I mentioned a little bit earlier, we're going to be right back where we were in the late 1970s with President Carter when we had 21 percent interest rates, and the problem is going to be that no one is going to be able to get any loans out there and the situation we're going to be in is a dire one because back 30 years ago, this country was on top of the heap. China is now the number one manufacturing country in the world, not the United States. They've passed us this year, and now we are going be in a situation where how do we climb out of it?

Mr. AKIN. Reclaiming my time, to summarize what we have been talking about in a way, first of all, we're taxing too much; second of all, we're spending too much; and third of all, we're borrowing too much. That's basically the way things are going. We have tried that approach before. We tried it during the Great Depression. It turned a recession into the Great Depression. Henry Morgenthau was the one who made it clear that it hadn't worked.

And take a look at what's going on here in the situation with the jobs that have been lost since the Democrat majority, and you see what's going on is this thing is really going up in terms of jobs lost. Why is that? Well, because small businesses are getting hammered and they're the source of a great number of those jobs. So if we do not have the liquidity and we don't allow the small businessman to keep some of what he earns and to invest in his company, we lose jobs. And this is what's going on. It's predictable. It's happened this way for years, all throughout history. And the solution is straightforward. There is a solution. We don't have to go down this path. But it means that we have to stop spending, we've got to stop taxing, we've got to stop borrowing, and what we have to do is let some liquidity back for the small businessman, and you'll see this job thing turn around.

TARP AND THE AIG-WALL STREET AXIS

The SPEAKER pro tempore (Mr. SCHRADER). Under the Speaker's announced policy of January 6, 2009, the gentleman from California (Mr. SHERMAN) is recognized for 60 minutes.

Mr. SHERMAN. Mr. Speaker, I will try not to consume the entire 60 minutes, but I do have much to say about the progress of the so-called TARP, or bailout, program and the treatment of executives as well as general creditors and counter-parties under that bill.

I think that the way this bill has been administered has been a travesty for quite some time, and it is perhaps peculiar that only this last outrage from AIG has generated the kind of public revulsion that is well justified by actions taken prior to the recent AIG giant bonus payments.

But let us look in particular at AIG. They have healthy insurance companies, a healthy savings bank, all owned by a parent company. And that parent company decided to establish a Financial Products division, a casino, in which the rich and powerful from around the world could come to bet. In fact, that is what they did. And they bet that American mortgages would decline in value. These gamblers were right, but they were too smart by half because together, they broke the bank. And now they come to American taxpayers, and they say, ''You should make sure that we walk away from the table with our winnings intact.''

Now, how does this compare to the way that capitalism is supposed to work? When an insolvent institution has general creditors and that insolvency requires governmental intervention, usually in the form of bankruptcy reorganization or receivership, not just the shareholders, not just the executives, but also the general creditors and the counter-parties take a substantial hit. This is what is, in effect, happening with General Motors today. Now, General Motors is not in a formal bankruptcy, but they are carrying on pre-bankruptcy or in-lieu-of-bankruptcy negotiations. Their workers are seeing their contract changed and modified. The bondholders are seeing that they will get paid only one-third of what the bond contract says they are supposed to be paid in cash. So what kind of country is it when what was once our greatest industrial company, the investors and the bondholders of that company, the workers at that company are told that they have to take a substantial hit, but a giant casino, we are told, those who went and bet at that casino need to get every dollar their winnings entitle them to at the expense of the Federal Government and, oh, by the way, the croupier is supposed to get a $6 million bonus as well?

The difference is that the AIG-Wall Street axis represents the most powerful in the world, and they are not going to sit idly by as people say that just because AIG is insolvent, they should take less than everything they want.

What should have happened to AIG long ago is AIG should have gone into receivership. Now, this would have liberated their insurance subsidiaries and savings bank, which are healthy, to be spun off and to play the role that they need to play in our economy. Now, it is said that these subsidiaries would have been hurt, that the consumers of the insurance company would feel bad and reluctant and uneasy if AIG went into receivership because, after all, that would mean AIG would get a lot of bad press and some of that bad feeling might attach itself to these subsidiaries. Well, my God, is there anything that could have generated more bad press for AIG and every entity associated with it than the events of the last few days?

Had AIG gone into receivership, it would have been a 1-day story. Oh, in the financial press they would have covered it for weeks, but it would have been a 1-day story on the front page of every newspaper in the country. Instead, those affiliated and associated with AIG are being associated with what has got to be referred to as the worst business press any company has received.

The second thing that would have happened with receivership is that the general creditors, the counter-parties, the people who won by placing bets at the AIG casino would have to take less