continuing the short term, business as usual, unsustainable course that has led us to this point of economic and fiscal disaster.

My hope and prayer is that Congress will be able to meet the President's challenge and work with him to refine his bold budget, treat our problems with the gravity they merit, and the public with the respect that it is due.

FRUIT OF THE BAILOUT MANIA

The SPEAKER pro tempore. The Chair recognizes the gentlewoman from North Carolina (Ms. FOXX) for 5 minutes.

Ms. FOXX. Madam Speaker, it is time for a brief history lesson. In the fall of 2008, the Bush administration came running to Congress with an historic ask: $700 billion with no strings attached to save the country from financial meltdown. At the time I didn't buy it, so I voted against the bailout plan twice. In fact, my distaste for the bailout plan and the unfettered access to taxpayer money that it gave the Treasury Department and the executive branch was so strong that I soon introduced a bill to stop the bailout mania.

It was a simple bill, but it had to be considered by Congress thanks to the way the bailout law had been written. In a nutshell, it would have stopped the second half of the $700 billion TARP bailout. I introduced it in 2008 and again in 2009. President Bush's request for the second half of the bailout money in early 2009 triggered consideration of my bill. That's when things got interesting.

The week before we considered my bill to stop the bailout, we also considered another bill called the TARP Reform and Accountability Act. Nice name, but what it essentially did was give a tacit thumbs-up on the second half of the bailout and even more wasteful bailouts with taxpayer money of failed automakers. It had some provisions to increase oversight and transparency. But ultimately, it would have expanded the use of taxpayer money for bailouts.

As I look back over the debates from those two days in January and in the ensuing weeks, I found some comments to be rather surprising, especially in light of the news last week about the outrageous bonuses awarded at AIG, a company which received another $30 billion this month in government bailout cash. The comments and questions from my friends on the other side of the aisle focused on their unwavering trust in the Obama administration's intentions to stop these sorts of executive bonus payments at companies that received bailout money.

During the debate on the anti-bailout measure, my colleague, Chairman FRANK said, ''We saw bankers saying I got the money, it's none of your business what we do with it. We saw bonuses given that shouldn't be given. I am confident that the Obama administration has learned from that.'' In his defense, I know that the chairman of the Financial Services Committee does not support these AIG millionaire bonuses, but we can draw a useful lesson from his comments. It's a simple lesson: the Obama administration pledging that there will be no more excessive bonuses does not make it so.

While I regret that my colleague was so gravely mistaken about the Obama administration, I do think that it is important to point out how quickly the new administration's actions have fallen short of its inflated rhetoric.

Let's take a look at some of the other comments made over the past couple of months. Last month, the gentleman from Illinois (Mr. JACKSON) trumpeted President Obama's promise to limit executive compensation at bailed out companies. He said, ''Today, the President will limit executive compensation for executives of companies that take advantage of taxpayer bailout funds. This is the right thing to do.'' And in January, Mr. POMEROY of North Dakota defended his vote to give the Obama administration the $350 billion in bailout cash, ''The written pledges of the Obama administration to operate TARP with firm conditions, greater oversight and transparent accountability abide with the conditions passed by the House.''

So what exactly did the Obama administration pledge to do? It pledged to ensure that bailed out financial institutions did not go overboard with excessive executive compensation bonuses. Specifically, his National Economic Adviser wrote a letter to Congress on January 12 that stated: ''The President-elect is committed to using the full arsenal of tools available to us to get credit flowing again to families and businesses. He will ask his Department of Treasury to put in place strict and sensible conditions on CEO compensation and dividend payments until taxpayers get their money back.'' He continued: ''We will ensure that resources are directed to increasing lending and preventing new financial crises and not to enriching shareholders or executives. Those receiving exceptional assistance will be subject to tough but sensible conditions that limit executive compensation until taxpayer money is paid back.''

One of my colleagues, Mr. MCGOVERN, was very encouraged by this letter from the incoming administration. I will read what he said in response to the administration's pledge: ''And I should say that the statement by the Obama administration, the statement by Larry Summers, is all very encouraging. It demonstrates a real appreciation of what average people are going through.''

I will leave it to the American people to judge how well the Obama administration has stood by its pledge to ''limit executive compensation until taxpayer money is paid back,'' and I will leave it to the American people to judge how well this administration appreciates what average people are going through—unless, of course, you consider people who get million-dollar bonuses for running a massive company into the grounds to be average.

SAFE MARKETS DEVELOPMENT ACT

The SPEAKER pro tempore. The Chair recognizes the gentleman from Texas (Mr. DOGGETT) for 5 minutes.

Mr. DOGGETT. Madam Speaker, with all of the recent talk about unearned bonuses, I want to talk about a bonus that we Americans can give to ourselves and the world. We can do that by approving President Obama's plan to ''make clean, renewable energy the profitable kind of energy.'' Because we can build a clean energy economy by reducing greenhouse gas emissions—carbon pollution—through a market-based system, as the President has proposed, I am today, together with a number of my colleagues, introducing the Safe Markets Development Act.

This legislation will help to ensure that any future market for carbon allowances is not abused by price speculators or undermined by excessive price volatility. This is the first cap-and-trade measure to be filed in this Congress, and it is unique both in responding to concerns about market manipulation, and in its broad support bringing new members and a broader array of interests behind this new idea about how to resolve one aspect of our transition to a cleaner world.

The Safe Markets bill offers an approach that will provide a narrow auction and trading environment for the start-up phase for a cap-and-trade or cap-and-invest system. Experts on commodities markets tell us that price volatility is not unusual with new markets. And certainly legitimate concern recently over speculation in fossil fuel and financial markets must not stand in our way of new clean energy policy.

How does this bill achieve science-based emission reductions? It creates an independent board with strict conflict-of-interest provisions and post-employment restrictions to determine the annual prices per ton of carbon necessary to meet science-based annual emission targets from 2012 to 2020. The Treasury Department would conduct quarterly allowance auctions designed to maintain this price. Under the legislation, the board would conduct an annual review of its success in meeting emission goals in order to adjust for gas prices to ensure compliance with the next year's targets.

Just as a child removes training wheels after becoming comfortable cycling, or tries the shallow end of the pool before moving into the deep end, so too we can gain experience over these first eight years to move eventually to a more traditional cap-and-trade system.

□ 1245

Like President Obama, I believe that the best approach is one that relies upon a 100 percent auction—that does not give away to polluters ''pollute free'' cards. Budget Director Dr. Peter Orszag has correctly noted that giving away allowances would represent the largest corporate welfare program that has ever been enacted in the history of the United States. As noted in another recent statement by over 600 economists calling for auctioning all allowances, free allocations do little or nothing to protect families and businesses from higher energy costs. The significant shortcomings of the European cap-and-trade system are largely linked to the pursuit of this politically easy but very ineffective course. An abundance of free allocations just leads to more price speculation and would hinder the ability of the system to properly reduce emissions.

The bill that I am introducing today represents the type of legislation that I will continue offering, building block by building block, to help us achieve a comprehensive solution. Next will be a plan that I will advance to ensure the competitiveness of American importers and exporters in the new energy economy. I am pleased this legislation enjoys support from a number of members of the Blue Dog coalition, such as Representative JIM COOPER and Representative HEATH SHULER, as well as members of other caucuses here in Congress and a broader array of business interests such as the National Venture Capital Association.

Last week, Speaker PELOSI brought together key House committee chairs to sign a statement that they are uniting behind one bill to achieve our shared goal with President Obama of a more accessible, affordable health care system for every American. I believe we need to do the same thing to resolve global warming. Today's bill represents one new element of that broader legislation that must be developed through cooperation and collaboration of the House Energy and Commerce and Ways and Means Committees as well as many other Members.

I believe that a role exists for every Member of this Congress who is willing to work in good faith based on good science to end obstruction and reduce the real threat of global warming. The more Members we bring together, the more successful we will be in enacting the solution that President Obama has offered and move us to a clean energy economy.

THE ECONOMIC CRISIS—WHAT LIES BENEATH

The SPEAKER pro tempore. The Chair recognizes the gentleman from Florida (Mr. STEARNS) for 5 minutes.

Mr. STEARNS. Madam Speaker, our Federal Government has taken drastic measures in the past 6 months, mainly in the form of taxpayer-funded bailouts, in an attempt to put a stop to the complete deterioration of our financial system. Trillions have been spent and companies such as AIG have been deemed ''too big to fail.'' But the Wall Street bailouts have proven to not be a sustainable cure to our financial ills. These bailouts constitute an assault on American capitalism and have introduced a large degree of financial hazard into our economic system.

The nationalization of private assets is inherently un-American. With all the money we have spent thus far, we should have been able to stem much of the economic collapse—but we haven't. We have failed to grasp the root of the problem—the unregulated, out-of-control derivatives market.

The recent disclosure that AIG will pay out $165 million in bonuses to employees of their Financial Products division—the very unit that made bad bets on toxic mortgages and credit default swaps—is wrong. The Federal Government owns 80 percent of AIG and the Treasury and the Federal Reserve has infused more than $170 billion in taxpayer bailout money trying to rescue this company. As these recent events demonstrate, the administration's plan of recovery by bailout is not working. Bailout after bailout is not a strategy. It's a formula for waste, fraud and abuse of taxpayer funds.

The Federal Government has spent an exorbitant amount of money trying to rescue the economy but it appears to have had little effect. Beyond the $700 billion for TARP funds, the government has made commitments of more than $9 trillion and has spent $2.2 trillion. And there is very little oversight of this money as the case of the AIG bonuses makes clear. This begs the question: What are we getting for our money?

Clearly the real cause of the financial crisis is more than just the bursting of the housing bubble, since over 90 percent of all homeowners are current on their mortgages. A closer look at the root causes of the crisis reveals flawed incentive structures and an inadequate regulatory system that allowed the derivatives market to spiral out of control.

Specifically, the credit default swap market is completely unregulated and it helped spread the risks generated by subprime mortgages to investors and financial institutions around the world. In the U.S. alone, the Office of the Comptroller of the Currency reported the amount of outstanding credit derivatives from reporting banks to be $16.4 trillion just a year ago. Among the G10 countries—the United States, the U.K., Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden plus Switzerland—the amount of outstanding credit default swaps is about $57 trillion.

Many have called credit default swaps and the larger derivatives market the true culprit in the global financial crisis. Derivatives trading also helped to contribute to AIG's near collapse and it seems as if no amount of money can save AIG at the moment, yet the company has been deemed ''too big to fail.'' However, no one has defined what ''too big to fail'' means in the real world.

Beyond just credit default swaps, the Bank for International Settlements—the world's oldest international financial organization headquartered in Basel, Switzerland—reports the total outstanding amount of over-the-counter derivatives to be $684 trillion. This large amount of outstanding derivatives demonstrates the world financial system could be in a huge amount of additional trouble during this worldwide economic crisis. Since over-the-counter derivatives are negotiated between parties and not on an exchange, the risk of the contract falls on both of the parties. So if one of the parties is not able to meet the terms of the contract, the first party stands to lose as well. With $684 trillion of outstanding money, we are playing with very hot fire.

As these statistics show, this is a problem not just in the United States but around the globe.

So what is the solution? Let's break up these firms and sell the pieces off or separate the toxic loans and let the free market correct the economy as it was designed. The viable portion of these massive financial institutions can still be salvaged. However, we need to examine their asset sheets to determine how deeply involved each company is in the derivatives market.

There are better options than endless bailouts and the nationalization of private assets in this country. We must put an end to throwing trillions at the wrong source of the problem.

WALL STREET BAILOUTS

The SPEAKER pro tempore. The Chair recognizes the gentleman from California (Mr. SHERMAN) for 5 minutes.

Mr. SHERMAN. I thank the gentleman from Florida for his remarks, where he refers to AIG as ''too big to fail.'' The latest from Wall Street is, well, it's not so much too big to fail, but too interconnected with the rest of financial institutions. ''Too interconnected to fail'' is the new line. The fact is this: AIG was too well-connected to fail. AIG should have been in receivership, but that would have disadvantaged the richest, most powerful interests in the world.

Now let us look at the new public-private partnership plan being put forward by the Treasury. It involves a thousand times as much money as AIG executives received in bonuses and it would make the American people a thousand times as angry, except for the fact that it is so technical that the American people may not fully understand it.

Here is how it's supposed to work. The taxpayer puts up 94 percent of the money. The taxpayer takes 94 percent of the risk that the assets purchased will end up being worth nothing. Ninety-four percent. And the taxpayer gets 50 percent of the profits. The private