

ground to a halt, so more loans today are staying on banks' books. As a result, some banks' loan portfolios could appear larger than they would have in the past, even though they aren't actually making more loans.

Bank balance sheets also have been inflated as more companies draw on credit lines that banks committed to before the financial crisis erupted. Last fall, an increasing number of borrowers started tapping those lines, banks say, either because other types of credit were evaporating or out of an abundance of caution.

For example, KeyCorp, where total loan balances declined by about \$200 million in the fourth quarter, saw a \$1.3 billion leap in its commercial, financial and agricultural loans. Chief Financial Officer Jeffrey Weeden said that was primarily the result of clients dipping into their revolving lines.

KeyCorp, which is based in Cleveland and received \$2.5 billion in federal capital, made or renewed \$5.7 billion of loans in the fourth quarter. But KeyCorp has stopped making student loans unless they're backed by the U.S. government.

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

(Ms. FOXX addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

#### ECONOMIC STIMULUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mrs. MALONEY) is recognized for 5 minutes.

Mrs. MALONEY. Mr. Speaker, the current economic crisis requires bold solutions that address the magnitude of our economic woes, and the American Recovery and Reinvestment Plan will do just that. The \$825 billion recovery package that we will vote on this week will create or save an estimated 4 million jobs and will make key investments in our future.

First and foremost, the economic recovery package focuses on blunting the effects of the recession and helping families in need by increasing food stamps for some 30 million Americans, expanding unemployment benefits, and preserving health care benefits.

Our plan protects health care coverage for nearly 20 million Americans during this recession by increasing the Federal Medicaid Assistance Percentage, FMAP, so that no State has to cut eligibility for Medicaid and SCHIP, the Children's Health Insurance Program, because of budget shortfalls.

I am encouraged that in my home State of New York, where we have an unemployment rate of 7 percent, the State would qualify for an additional 6 percent FMAP on top of the 4.9 percent base FMAP increase, for a total of 10.9 percent, resulting in roughly \$10.4 billion over nine quarters. This is critical funding for our State which is seeing an increase in caseloads as a result of the recession.

We will also provide health care coverage for nearly 8.5 million Americans

through a tax credit that would allow newly uninsured and unemployed Americans to keep their health insurance through COBRA, as well as a new option in Medicaid for low income people who lack access to COBRA.

The recovery plan also invests in important needs that have been neglected over the past 8 years. America's schools, roads, bridges, and water systems are in disrepair, and this is creating a drag on economic growth. We will embark on the most ambitious public investment agenda since the 1950s, when we created the Interstate Highway System, which provided an important engine of economic growth.

We have an historic opportunity to make the investments necessary to modernize our public infrastructure, transition to a clean energy economy, and make us more competitive in the future.

Our plan will modernize our transportation infrastructure, and repair thousands of miles of roadways; enhance security at 90 major ports; renovate 10,000 public schools, and improve the learning environment for about 5 million children; launch thousands of clean drinking water and wastewater initiatives; computerize every American's health record in 5 years, reducing medical errors and saving billions of dollars in health care costs; undertake the largest weatherization program in history, modernizing 75 percent of Federal buildings and 2 million homes; and, double our renewable energy generating capacity over the next 3 years, creating enough energy to power 6 million American homes.

Our plan also supports working families by providing a \$1,000 Making Work Pay tax cut for 95 percent of workers and their families. In addition, we will expand the child care tax credit, providing a new tax cut for parents of more than 6 million children, and increasing the benefit of the existing credit for more than 10 million young people.

By including major fast-spending provisions like tax cuts for middle-class families, measures to avoid State health care cuts, and temporary expansions of unemployment insurance, food stamps, and health care for unemployed Americans, the package will spend out at least 75 percent of its total commitment within the first 18 months after passage. The plan will spread job creation out over the next couple of years, which will soften the downturn and foster a solid economic recovery. This is a balanced stimulus plan that benefits all Americans by creating jobs across a variety of sectors.

As President Obama recently said, "This is not just a short-term program to boost employment. It's one that will invest in our most important priorities, like energy and education, health care, and a new infrastructure, that are necessary to keep us strong and competitive in the 21st century."

Federal Reserve Chairman Ben Bernanke voiced optimism for the recovery plan, stating that, if enacted, it would "provide a significant boost to economic activity." It is time to get our economy back on track. I urge my colleagues to support this important measure.

□ 1945

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

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

#### THE BANK BAILOUT DEBACLE

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

Mr. KUCINICH. Mr. Speaker, this evening I would like to have a discussion about what is going on in the American economy, how it is affecting the American people, the decisions that Congress made to make it possible for financial instruments to become so complicated that it furthered speculation in the marketplace, the decision that Congress made to bail out the banks and the impact on our economy, some solutions that may help us dig our way out of this financial mess, and some suggestions for restructuring some of the institutions of our government that would enable it to more effectively serve the public interest.

Mr. Speaker, I would like to begin with a discussion of a news item which was published today in the New York Times with the headline "Pfizer to buy Wyeth in \$68 billion deal." This deal, according to the Times, would create a pharmaceutical behemoth, the \$68 billion deal. One of the most noteworthy parts of the report indicated that Pfizer's bid is being financed by four banks that received Federal bailout money, Goldman Sachs, JPMorgan Chase, Citigroup, and the Bank of America.

It goes to say that such banks have been criticized for not doing more lending since they received government aid. Needless to say, most consumers will understand that if you see a conglomeration in the pharmaceutical industry, it can only mean higher costs for pharmaceuticals for the American people. But what is interesting is this is being facilitated with money from the American people, money that went to banks that claimed that they needed the money to survive, but now they are using the money instead to help finance acquisitions.

And they are using the money instead to enable banks to be in a position of making direct investments in individual banks if they want to, but more specifically, banks have taken a

no-strings-attached approach to the bailout which has enabled them to possibly pay down their debt, acquire other businesses, or make investments for their future.

So the taxpayers of the United States, when we look around this country, they are suffering in so many ways, their jobs are at risk, their homes are at risk, their pensions are at risk, are financing a windfall for bankers. The Treasury Secretary said some time ago that the banks should use the money to help struggling homeowners stay in their homes and avoid foreclosure.

But that isn't what has happened. Because whenever the banks went to Treasury, they were essentially told, look there are no strings attached and no conditions attached. We know that in the Cleveland area, one bank took \$7.7 billion from the Treasury and used it to acquire National City Bank which will cost our Cleveland area thousands of jobs. National City was sold at fire sale prices. Their stock was driven down. The kind of financial double dealing and misconduct that went on that made it possible for one corporation to take over another corporation's asset, effectively reducing the value of the stock and the holdings of stockholders and driving a bank out of business that had been in business 162 years and should still be in business today, underscores what has been wrong from the beginning with this approach of the so-called Troubled Asset Relief Program.

At the beginning, it was supposed to be about, and it should have been about, helping people avoid bankruptcy. That is what Congress had anticipated. But instead, what has happened is the banks have seen it as a windfall. The government should have looked at the mortgage-backed securities, taken a controlling interest and helped millions of people stay in their home by loan modification and by writing down the principal, perhaps lowering the interest and extending the terms of payment, the time of payment because after all, it was the meltdown in the subprime mortgage industry that resulted in banks being in so much trouble. So wouldn't it make sense that if you enabled people to pay their mortgages and stay in their homes that it would have a beneficial effect on the banks? But no. What has happened is that homeowners are still struggling to survive all around this country from East Coast to West Coast and looking at mortgage resets that are coming up in 2009 with Alt-A and jumbo mortgages. People are in over their head on their mortgages because of misconduct in the industry and because of changes in the economy. And instead of getting help from their government, the government is helping the banks with a \$700 billion bailout.

Now it would be nice if this would be the end of it. In an article in the Times called "The End of Banking As We Know It," we have this, "it's too soon

to say how much taxpayers' money will be spent trying to rebuild banks hollowed by out by bank's lending practices." Paul Miller, an analyst at Friedman Billings Ramsey thinks that the Nation's financial system needs an additional \$1 trillion in common equity to restore confidence and to get lending. It goes on to say that trillion dollars could come on top of the funds disbursed already through the Troubled Asset Relief Program, which has tapped \$700 billion and on top of President Obama's stimulus plan clocking in at \$825 billion. So, hold on to your hat, Mr. and Mrs. America, because the banks are not done with this Congress yet. They are going to be looking for even more money. And they are not talking about saving homes. They are not talking about saving jobs. They are using this opportunity to game the system.

Tom Friedman, in another article in the Times headlined, "Time for Shock Therapy," it's all about the banks, folks, quotes David Smick, author of "The World is Curved," who says that the bankers are sitting on mountains of cash, including our bailout money, because they know their true balance sheets are a disaster, far worse than publicly stated. No one trusts the banks. And even the bankers don't trust each other. Smick goes on to say that bringing clarity to bank balance sheets is the first step to fixing America's bank lending problem. Friedman writes that only after we bring full transparency to bank balance sheets will we see private capital buying into banks again at scale.

He quotes Stephen Eisman, a portfolio manager and banking manager at FrontPoint Partners "the loss of confidence is just a symptom of bad credit and overleverage. The banks are not lending because they know their balance sheets are loaded with future losses and they don't have enough capital." Friedman concludes by saying that a stimulus package that does not also unclog the arteries of our banking system will never stimulate sufficiently.

So there is a synergistic relationship between the way we are handling this situation on Wall Street and the way that we hope to get the American economy moving again with a fiscal stimulus. But we cannot keep giving away money to the banks and ignore the underlying crisis of failure to help Americans save their homes. There could be 10 million homes in jeopardy, and people are will say, well, look, if somebody didn't do the right job in financing their homes and didn't pay enough attention to what they needed to do to protect themselves financially, they're on their own. Well, wait a minute. This is affecting all Americans. There are neighborhoods in Cleveland where the values of property have dropped 25, 30 percent because of foreclosures in the neighborhood. Don't think for a moment that just because you haven't been foreclosed that you aren't paying

a price with this foreclosure crisis because the value of your property is going down. All over America this is happening. And what does this mean? It means that there is a massive shift of wealth in this country going on. It's going on for the American taxpayers. It's going on for the American homeowners. And it's going right to the top, right to the top. The banks are cashing in. Forget moral hazard. It doesn't matter any more if someone doesn't do business in the right way. We're bailing them out. Today we see stories about nationalizing banks. That is not a proper function of the government, to run banks. And yet, we've already moved down that path. It's anti-democratic. It could lead to fascism. We have to think about the implications of what is happening in our economy.

We've seen the speculation driving this economy. An economy built on gambling and not real production is not sustainable. That, of course, means that moving to the financial sector as a source of profits is an unsustainable Ponzi scheme. It is based on the arrogant belief of those who know the math of the so-called Black-Scholes model, which is a mathematical model for pricing options and now nearly every income stream can never be wrong. But they were. And the result is not nice to see: Massive gambling debts that their formula said were nearly impossible and are truly impossible to pay without taking from those at the bottom of the economic pyramid. Remember, this time in our national experience is all about taking wealth from the great mass of the American people, from your paychecks, your wallets, your purses and pocketbooks and just moving it right to the top.

The reason for the breakdown in the financial system is not complex. Because we no longer make stuff for a profit, we have to leverage up financial instruments, sometimes 30 to 40 times to one to get good returns. It is a game for the truly arrogant. It is another example of the "smartest guys in the room" like Enron. No one, unfortunately, is that smart or that perfect. And the bite of leverage, when the investment, homes, in this case, goes south, is terrible to behold. When all sectors are included, the total debt as a percentage of gross domestic product grew 151 percent in 1959 to an astronomical 373 percent in 2007.

This is a discussion that comes from an article written by John Bellamy Foster and Fred Magdoff in the December "Monthly Review" called the "Financial Implosion and Stagnation: Back to the Real Economy."

So we are in a debt-based economy. We are creating more and more debt. The world of financial socialism, in which corporations join with the government to strip the remaining assets of the middle class, is upon us. Stark economic and political decisions offer a truly explosive political scenario over the next several years. The redistribution of wealth upwards has surged over

the last 28 years and will not be readily accepted by those at the bottom forced to accept structural adjustments to their lives while the plutocrats luxuriate.

In the United States, the top 1 percent of wealth holders in 2001 together own more than twice as much as the bottom 80 percent of the population. I want to repeat that. The top 1 percent of wealth holders in 2001 together own more than twice as much as the bottom 80 percent of the population. What does that say about a democracy? If this were measured simply in terms of financial wealth, that is, excluding equity and owner occupied housing, the top 1 percent own more than four times the bottom 80 percent. And this, again, is in the Foster and Magdoff article.

From my own research based on the Congressional Research Service, the following exponential growth of wealth at the top is illustrative of the problem of our faltering consumer economy. The income from wealth, and that is interest, dividends, rent and capital gains, between 1979 and 2003 for the top 1 percent of the population grew from 37.8 percent of the total pie to 57.5 percent in that 24-year time period. The wealth of America is accelerating to the top. We are in a cycle of debt deflation in which financial institutions and individuals see they must unwind, deleverage, their 20 to 41 bets, the bail-out money was doomed to fail, because as Keynes said, it would be hoarded. The vicious cycle is that as banks and others sell their assets to reduce their exposure to the bursting asset bubble, the value of those assets drop. The result is the falling price of a deflationary cycle.

Now, the pros who put us in this situation don't have any idea, or they refuse to examine the evidence, that massive debt imposed on families and society is the problem. Debt is the problem here. As wages were stagnant, the Fed intentionally created the housing bubble to lure people on to debt treadmills to keep the economy afloat. Americans own less and less of their homes. And the belief that asset inflation separate from wages is real wealth is ludicrous.

Our economy has hit a massive debt iceberg. And what is the solution of the navigators who took us there? Steer north into greater ice floes. Using capital for casino games and not to increase production is a totally misguided policy. I'm calling for a manufacturing and industrial policy, an American manufacturing policy, which says that the maintenance of steel, automotive, aerospace and shipping is vital to our national economic security and it is vital to our ability to defend our Nation.

If you look at Iceland, whose government is falling right now, and you look at Russia and the Baltic States, you get some idea of what these neo liberal economic policies would do to this country. The total asset of Iceland's banks grew from 96 percent of its gross

domestic product at the end of 2000 to nine times its gross domestic product in 2006. And as Magdoff, et al., states, now Icelandic taxpayers, who are not responsible for these actions, are being asked to carry the burden of overseas speculative debts of their banks resulting in a drastic decline in a standard of living. And it's exactly what we're looking at in this country, unless we change directions, unless we stop bailing out the banks, and unless we take a new direction in how we manage our economy.

We know that the private sector is in a downward spiral that feeds on itself. Consumers and businesses are spending a lot less on goods and services. As a result, workers at businesses are producing fewer goods and services. That means that fewer workers are actually working and fewer businesses are working at their potential. Consumers are spending less because they have lower incomes. Businesses are not spending money on investments and expansion because no short-term profits can be seen.

There is one unique feature of this recession that we need to keep in mind. Consumers are not just out of work and with a lower income but they are also highly indebted thanks to the subprime mortgage lending, the proliferation of credit cards, and payday lending. That is important to keep in mind because it will affect consumers' behavior when they receive money, either from the government as a rebate or at work. They use a lot of whatever they get to pay down the debt.

I would like to ask the Speaker how much time I have remaining.

The SPEAKER pro tempore. The gentleman has 40 minutes remaining.

Mr. KUCINICH. Let's look at the current unemployment situation because we should not have any discussions in this Congress without talking about what is essential to the American people, and that is jobs. Unemployment in December rose to 7.2 percent. 524,000 full-time jobs were lost. December was the 12th straight month of job losses. Approximately 2.6 million jobs were lost in 2008.

Let's get beneath the statistics here. Think of what happens when a mother or father comes home and says, I'm out of work. Think of the impact that has on a family, especially, as most Americans, they are living paycheck to paycheck. What does it mean? It means a whole way of life changes. Suddenly the home is in jeopardy because the mortgage can't be paid. Suddenly a child's college education is in jeopardy. Health care benefits suddenly become threatened. Pensions end up in trouble. Credit card debt cannot be paid. Tensions begin to build inside homes. We have to remember how this is affecting American families, the instability that comes about as a result of unemployment. We have to be in touch with the American family and how it is suffering right now, not only from the real loss of jobs, but from the insta-

bility of the potential of losing a job from cuts in wages and cuts in benefits. And of course there are 8 million people who are working part-time when they want to be working full-time. This is about 13.5 percent of the American workforce. More than one in eight workers in the United States, over 21 million people, now are either unemployed or underemployed. In December, over 40 percent of unemployed workers had been out of a job for at least 3 months. And 23 percent had been out of a job for at least 6 months.

□ 2000

This job situation cuts across all sectors. Manufacturing lost 791,000 jobs. Construction job losses reached 899,000. Job losses in professional and business services totaled 490,000. And there were 522,000 job losses in retail trade.

You only need to think about the past holiday season. There weren't as many employees in those retail establishments, and people weren't buying as much. They were just looking.

We need a comprehensive and an ambitious response that addresses every sector of the economy and cuts to the epicenter of the financial crisis that brought us to this point.

In my own State of Ohio, the unemployment rate hit a 22-year high last month, 7.8 percent. And 2 weeks ago, so many Ohioans attempted to file unemployment claims that the Website crashed. The phone lines were also down because they couldn't handle the call volume, over 10 times the normal call volume.

Later this week we are going to consider the American Recovery and Reinvestment Act. And that, of course, is only a beginning.

I want to applaud President Obama, Speaker PELOSI, Chairman OBEY, and everyone who has worked to craft a package that essentially is going to be a downpayment on economic recovery. But we have to remember it is only that.

The Federal Government must spend. The government cannot, as in recessions past, rely on the American consumer to spend the money out of a downturn. Americans have no cash to spend and no credit to access. The government must be the employer of last resort and the spender of last resort, and the government must spend enough to create demand for the goods and services of a full employment economy.

America has come a distance since the era of Ronald Reagan who saw government as the problem. Today in 2009, government is not part of the problem, government is the only solution. And if you don't believe me, ask those banks who are getting \$700 billion and want another trillion; from whom, the government.

Businesses will respond by spending on investments to meet the demand, and consumers will be earning money as workers, making the goods and services the government is paying for.

Now we need a broad-based response to the unemployment situation. Former Secretary of Labor Robert Rice advocates at least temporarily lifting the 60-month limit on welfare benefits. As the nature of work changes, we must modernize the safety nets that assist individuals and families in time of distress.

This should include expanding funding and access to Food Stamps, women, infants and children's benefits, as well as food banks and emergency food providers. There is no reason for us to go back to those images of the Depression where people were waiting in bread and food lines trying to survive.

The stimulus bill increases social safety net spending, \$43 billion for increased unemployment benefits and job training. But you can't train people for jobs that don't exist. There is \$20 billion to increase Food Stamp benefits, \$200 million for senior nutrition services, \$726 million for after-school meals, \$150 million for food bank assistance, and \$1 billion for community services block grants, but it is just the beginning.

We must also modernize the way we provide unemployment benefits and measure the ranks of the unemployment because, as we know, many people are not even measured in the unemployment statistics. Most States have requirements that preclude many people who are losing their jobs from receiving benefits. For example, a person working two part time jobs who loses both those jobs would be ineligible for benefits in a State that requires dislocation from full-time work.

All levels of government should temporarily relax the rules for providing unemployment benefits. We must make sure that all dislocated workers, full time, part-time, contract workers, Congress needs to make sure that such workers are not falling through the cracks.

Let's speak about housing. An \$8 billion housing bubble has burst. That is home equity. That will never return in the lifetimes of American homeowners.

In some areas in Cleveland, my community, housing prices have deflated by as much as 75 percent. Some neighborhoods in my community in Cleveland still average two foreclosures a day. Foreclosure filings increased 303,000 in December, a 17 percent increase from November. Foreclosures have increased a staggering 41 percent in the last year. Almost every economist and policymaker acknowledges that subprime mortgages initiated a foreclosure epidemic that is the epicenter of our current financial crisis. The American economy will not begin to recover unless we address this core problem of foreclosure. We must begin with a massive campaign of mortgage principal modifications to make loans available to homeowners. This would solve the problem of the borrower as well as the investor. The homeowner can afford to stay in his or her home, and the investment stabilizes and re-

gains its potential to return a profit, albeit at a smaller margin.

Mr. Speaker, when I grew up in Cleveland, my parents didn't own a home. We were renters. And as our family grew from one to seven children, we kept moving. Some people will remember that in the 1950s, there were ads in newspapers that said one child only, two children, and if you had more, you were out of luck if you were a renter.

□ 2015

By the time I was 17, we lived in 21 different places, including a couple cars. I can understand what it's like for Americans who are worried about where they're going to live, about parents who are worried about having a shelter over their children's head. I can understand that. I can tell you that when I bought my first home, a home that I still live in, I bought it in 1971, it was one of the proudest days of my life. Think of how many Americans had that same feeling, and now we see that there's no hope for them. We have to change that.

It's said that the stimulus package could include anywhere from \$50 to \$100 billion. But unless we direct loan modification in the language of the legislation, there's no guarantee that when Treasury hands that money over to the banks there's going to be any relief at all for the American people.

Now, in the last 30 minutes I've talked about the banks and the bailout, I've talked about the plight of the American people, unemployment, housing foreclosures. I want to speak about health care as a stimulus.

Today, this day, H.R. 676, the Expanded and Improved Medicare for All Act was reintroduced. Medicare for All, H.R. 676, a bill that is the Conyers bill, a bill that I helped to write with John Conyers, is one of the best ways we can help boost our economy. It eliminates billions of dollars in bureaucratic waste that are being funded by everyone who receives health care and allows money to be channeled into the economy. In fact, it saves so much money that it will be able to cover everyone in the U.S. for all medically necessary services.

We pay almost twice as much for health per person than the average of other industrialized nations, yet the World Health Organization ranks our health care system 37 in the world. The situation is worsening as costs continue to increase, employers continue to scale back coverage, and the number of uninsured—now 46 million—continues to rise.

Four out of five, 82 percent, of the uninsured are in working families. Think about it. You are working and you still can't afford health insurance. What's happened in America? How many people are not getting the care they need because they can't afford to pay their hospital bills, in this, a country where by the end of this year I predict we will have given \$1.7 trillion to the banks.

The inefficiency of privately administered health care is especially stark. Between 1970 and 1998, total health care employment in the United States grew 149 percent while the number of managers in health care grew 2,348 percent. Managed care has failed to control costs and reduce the number of uninsured and underinsured. Employer-based insurance is failing and dragging down American businesses. Insurance companies make record profits. How? They make money by not providing health care. What a business.

We need to control costs by addressing the real inefficiencies, not by continuing to subsidize the financially unsustainable insurance industry. And we know exactly how to do it. Traditional Medicare enjoys consistently higher satisfaction ratings than private insurance. Its overhead costs are about 3 percent compared to overhead costs of private health plans, which average about 31 percent. Medicare's rates of cost increase have been significantly lower than private insurance plans. We need such a time-tested, rock-solid model like Medicare to address our health care crisis. In fact, by addressing the inefficiencies, we would bring everyone in the U.S. under Medicare and they would pay no premium, no deductible and no copayments.

So, how would H.R. 676 boost our economy, since that is the question of the moment? First, it would lower out-of-pocket costs for a vast majority of Americans by well over \$1,000, enabling them to spend that money. And of course it would provide insurance for the 47 million Americans who currently are completely without insurance. But it would also eliminate about half of all bankruptcies in the United States by addressing the enormous problem of the underinsured. Let me explain.

About half of all bankruptcies, Mr. Speaker, in the United States are related to medical bills. Of those who are bankrupted by medical bills, three-quarters had some kind of insurance before they got sick. I cannot stress enough the importance of this statistic; half of all bankruptcies in the U.S. related to medical bills. Of those who were bankrupted, three-quarters had some kind of insurance before they got sick. Three-quarters of all medical bankruptcies happened to people who already had insurance. It tells us in very stark terms that too many Americans think they're getting full health insurance when in reality they're getting only partial health insurance.

Health insurance is full of holes. Insurance companies make money by denying care. In this case, that means selling plans that have limited coverage, and you don't find that out until you actually need it. In other words, you have great health care unless you get sick. But under H.R. 676, there are no more out-of-pocket costs and everyone is covered for all medically necessary services. That means that at least half of all bankruptcies are history. Imagine what families could do

with the money when they don't have to worry about climbing out of bankruptcy.

Families would save money in a host of other ways as well; for example, car insurance rates would go down because there are no more disputes over who pays for health care. Everyone would already have health care. The same goes for medical malpractice. Under H.R. 676, not only will doctors drastically reduce the amount of defensive medicine they practice in order to avoid lawsuit exposure, but they will also pay so much less for medical malpractice insurance. Why? Because everyone's covered and there is no need to go to court over who will pay doctor bills.

H.R. 676 would provide immediate and substantial relief for American businesses large and small. American businesses currently bear the burden of the vast inefficiencies in our health care system because they provide health care to most Americans lucky enough to have it. But all other industrialized countries have universal health care that costs less. The result is that our businesses are losing competitive advantage. Ontario now makes more cars than Detroit. Canadian GM, Ford and Daimler Chrysler signed a letter in support of their single-payer health care system specifically because of the competitive advantage it gives them.

These are only some of the reasons that H.R. 676 now has a national movement behind it. It's been endorsed by 479 union organizations in 49 States, including 118 Central Labor Councils and Area Labor Federations, 39 State AFL-CIOs, 14,000 physicians and thousands of nurses. The deans of Harvard and Stanford medical schools, the former editor of the *New England Journal of Medicine*, two former Surgeons General now support national health insurance. Nobel Prize winning economist supports a single-payer system like H.R. 676. Public surveys consistently place support for Medicare for All approach to health care at about 50 percent.

The legislature in the State of California has twice passed a single-payer health care plan. States, counties and municipalities all over the country have endorsed the bill. In the last Congress, the bill had 93 cosponsors.

We have to regard health care as an opportunity for creating not just a stimulus, but part of a long-term restructuring of the American economy since about 16 percent of our gross domestic product deals with health care. It's a great opportunity for us.

It's a great opportunity to look at a universal prekindergarten program, which would, in the long term, pay for itself because it would be an investment in our youngest citizens—children ages three, four and five—that would enable them to be able to have access to full-time day care, would enable their parents, who are now paying a premium if they're able to afford childcare, would enable them to be able

to have solid childcare for their child and not have to pay the premium that in many cases is choking family budgets.

Last week, I introduced legislation to accomplish that. It has broad-based support among children's advocates. The number of the bill is easy to remember, it's H.R. 555—picture three children's hands with their stamp on the legislation. This is a bill which also can contribute to changing the pyramid which is causing wealth to accelerate to the top and enabling more middle class taxpayers to have some benefits in this economy, and enabling stabilization of family income.

The Congress is going to have to take quick action to protect the savings and pensions of Americans from the cascading failure of the entire financial system. It's good that we increase the kind of protection that people needed in their deposits, that's a good step in the right direction. But even with the action that we've taken, there is no guarantee that our country is not headed into the worst economic slowdown since 1933. The bailout is having little or no impact on the looming municipal bond meltdown and a host of other financial crises coming from the slowdown in tax receipts and consumer spending.

The hemorrhaging brought about by our addiction to debt is far too great for simple solutions. The growth of our private and public debt from \$10.5 to \$43 trillion during Alan Greenspan's tenure from 1987 to 2006 gives us some sense of the real magnitude of the problem. But there is a danger in acting rationally with recognizing what we're doing. And I will say that I think that Congress acted rationally in helping to facilitate a \$700 billion bailout without putting any restraint on the banks, enabling banks to have, as the *New York Times* reported a Sunday ago, "a blank check," use the money any way they want. Taxpayer money should not be expended to line the pockets of those who drove the economy into a ditch nor provide them with new wheels to drive off the road in another month or two. Money must not be frittered away to guarantee the shareholders of financial institutions when the American family and pensions may well need direct hope in the immediate future.

I believe in capitalism and market discipline. And I think that we need to look at the direction that we take in this country. We have to have regulatory and supervisory reform. If you look at the Fed, the Fed knew what was happening with these banks and the subprime meltdown that was coming, but yet we saw Alan Greenspan pretend that he didn't have a clue. What's happened is that the Fed didn't do its job. Now, under those circumstances, would you want the Fed to have greater power? Remember, the Fed is not run by the Federal Government; it's no more Federal than Federal Express. It is a collection of pri-

vate bankers that was established in 1913 by the Federal Reserve Act.

We have to get control of this Federal Reserve. And we have to make sure that the government and the Treasury Department and the Securities Exchange Commission, with the Treasury Department, develops the regulatory and supervisory reform that will match the changes that were created in the Financial Modernization Act of 1999 that took down the Glass-Steagall protections of 1933.

□ 2030

Under Franklin Roosevelt we know that Glass-Steagall prohibited intermingling of commercial banks with investment banks, but those protections were eroded. Some at the time, and I was one of those, who argued against the Financial Services Modernization Act by saying we'd end up with lack of transparency, conflicts of interest, mega-banks, every one of us who voted against it, we know we were right, but it's little comfort to the American taxpayers who are being stuck with this \$700 billion and maybe another trillion dollar debt as a result of the Ponzi scheme that was enabled by the Financial Services Modernization Act. The same people that took us into that situation may be in a position to do it to us again, but someone has to stand up for the American taxpayers and say stop it. Stop these bailouts.

Federal regulation was lax, and the Federal Government has to stand up for the American people as regulators. Taxpayer money must end up helping to facilitate credit flowing, but that's going to be up to the Treasury to take that responsibility. American pensions must be saved. The best way to do that is to buy the companies at a deep discount and then prop up the Pension Benefit Guaranty Corporation. Wasting hundreds of billions by propping up financial assets of well-to-do Americans might be acceptable in less troublesome times; however, at the present time, precious money can't be frittered away bailing out those with plenty of discretionary income. As David Cay Johnston points out in "Perfectly Legal," the top 13,400 families in our country have more yearly income than the bottom 96 million Americans.

The financial sector has built an economic system that rewards gamblers with lower tax rates and insurance while subjecting the American family to growing job insecurity, deteriorating wages, evaporating savings, vanishing pensions, disappearing health care.

This isn't a matter of blaming another political party, by the way. This has been a bipartisan debacle. The obscenity of hedge fund managers paying a tax rate of about 15 percent for most of a billion plus in income while some who clean our bedpans pay a higher tax rate must be recognized for what it is: greed and a repudiation of the merit of hard work.

But the middle class has one thing that is growing, and that's debt. More

and more Americans have been maneuvered onto debt treadmills by the “banksters,” as President Franklin Roosevelt called them. Greed evolved into a civic virtue and not a cardinal sin until the market collapsed.

But we could take a new direction, and that direction, Mr. Speaker, must include monetary reform. As Stephen Zarlenga writes, the bulk of our money supply is not created by our government but by private banks when they make loans. Through the Fed’s fractional reserve process, the system creates purchasing media when banks make loans into checking accounts. So most of our money is issued as interest-bearing debt.

Under the Constitution, Article 1, Section 8, our government has the sovereign power to issue money and spend it into circulation to promote the general welfare through the creation and repair of infrastructure, including human infrastructure: health and education.

It’s no secret that our Nation’s infrastructure is an unprecedented need of upkeep, repair, and replacement. It would take more than \$1.6 trillion to bring our country’s roadways up to speed. The Department of Education found that we need \$127 billion to bring schools nationwide into adequate conditions. A study by the Water Infrastructure Network found that it would take \$1.3 trillion over 20 years to build, operate, and maintain needed drinking water and wastewater facilities.

It’s rapidly becoming cliché that crisis and opportunity are synonymous. We can turn these difficult times into an opportunity by creating millions of new jobs in infrastructure projects. The U.S. Conference of Mayors released a report last month that found a \$73 billion investment in infrastructure would yield about 850,000 jobs in the next 2 years, would go a long way to meeting our infrastructure needs.

A good start would be to invest in the maintenance and repair of roads, bridges, tunnels that are in greatest need. In particular, we should invest in a section in the TEA-LU called MEGA Projects. It was designed to fund projects that cost \$500 million or more and have some national significance. These projects are not necessarily ready to go today. States could compete to build special projects. States could even team up together on high-speed rail or build new bridges. A perfect example is the need for a new inner belt bridge in Cleveland.

Now, infrastructure has to be part of and it is part of our stimulus package, but we have to go far beyond what we have in this first stimulus package. We have short-term fixes, which a stimulus is, but we have to look at long-term restructuring in order to get to where we want to go, which is financial stability for all Americans. And so long term, we’re looking at monetary reform. Monetary reform is achieved in three parts which must be enacted together for it to work.

We are at a time in our country’s history where the immediate response has been to pour money into the banks who are hoarding it, who are not lending it, who are using it for other acquisitions or helping to fuel other purchases, and we have an economy that is stagnating. But it’s time that we asked about some deeper structural questions, about the nature of our monetary system, and now is the perfect time to begin that discussion.

So once again I want to bring this before the Congress because if we’re looking at economic stimulus alone, down the road we may ask why that didn’t work because if we have a monetary system that still exists to accelerate the wealth to the top, God forbid under the nationalization of banks, we are all going to wonder what happened to the money. You achieve monetary reform in three parts. Any one of them or two alone won’t do it and could actually harm the monetary system. Because of this monetary crisis, we have an opportunity here, and I want to make these suggestions:

First, instead of giving the Federal Reserve even greater power, private bankers, giving them greater power, we should incorporate the Federal Reserve into the U.S. Treasury where all new money could be created by government as money, not interest-bearing debt, and spent into circulation to promote the general welfare. The monetary system would be monitored to be neither inflationary nor deflationary.

Second, halt the banks’ privilege to create money by ending the fractional reserve system. I mean banks essentially create money out of nothing. We take out a loan, they take that money, and then they leverage it perhaps nine times or more through a system of fractional reserve. Past monetized private credit would be converted into U.S. Government money. Banks act as intermediaries accepting savings deposits and lending them out to borrowers. They would continue to do what people think they do now under this new approach. And what would the government do? Well, we wouldn’t have to borrow money from the banks and then own the banks money to continue to finance the needs of this country. We could instead spend money into circulation on infrastructure, including the crucial human infrastructure of education and health care needed for a growing society.

Now, as Zarlenga points out, the false specter of inflation is usually raised against suggestions that our government fulfill its responsibility to furnish the money supply for the Nation. He says that’s a knee-jerk reaction, the result of decades, even centuries, of propaganda against government because when one actually examines the monetary record, it becomes clear that government has a better record of issuing and controlling money than the private issuers have.

We are at a moment of change in this country. It’s a change that millions of

Americans celebrated last week. I had the opportunity to join Members of Congress and watch that incredible moment of the inauguration. We saw millions of people coming together in celebration of this great Nation. And whether we are Democrats, Republicans, or independents, we could not help but be moved by that moment, not just the transfer of power but a reaffirmation of who we are as a Nation. A government of the people, by the people, and for the people, as Lincoln stated at Gettysburg. A government which has the dream to keep unfolding to adapt to an undreamed of future. We are at a moment of crisis, but that crisis has created new opportunities. It’s an opportunity for us to reset the pointer of where we go as a Nation and try to get control of our Nation again.

We have lost a lot of control with the \$700 billion bailout to the banks. We will lose even more control if we give the banks another trillion dollars. We will lose even more control if we permit the Fed to have total control over supervising corporate conduct in the United States.

But if we take a new direction, if we see government having the capability to prime the pump of the economy; if we see government having the capability to create jobs where the private sector isn’t creating jobs; if we see government having the capability of creating health care, which will be a tremendous help to the private sector, which is laboring right now under tremendous costs for health care; if we see government creating possibilities to invest in technology at NASA and in other areas of our Nation where we can help to serve as the incubators for investment in the private sector, we don’t even know the kind of growth that we are capable of, by moving towards a works green administration, towards wind and solar and micro technologies that would enable us to move in a new era of energy and a new era of cleaning up our environment. There is a role to work together with the private sector, but we’re at a moment where the government has to take the initiative.

And it’s very clear. I don’t want the government running the banks. I would like to see the government take control of the monetary supply and system. I don’t want the government bailing out the banks. I want capitalism to have a fair chance to succeed or not. We have a moment where we could come together, Democrats and Republicans alike. So as we get ready to address, as we will, this American Recovery Act, we need to look at how we cannot just recover as a Nation but how we can begin anew to restore our country to fiscal integrity, restore the American family to health, restore the American family to prosperity, and once again restore people’s faith in their government.

Mr. Speaker, I thank all those who have listened for this past hour.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF S. 181, LILLY LEDBETTER FAIR PAY ACT OF 2009

Ms. SLAUGHTER, from the Committee on Rules, submitted a privileged report (Rept. No. 111-5) on the resolution (H. Res. 87) providing for consideration of the Senate bill (S. 181) to amend title VII of the Civil Rights Act of 1964 and the Age Discrimination in Employment Act of 1967, and to modify the operation of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973, to clarify that a discriminatory compensation decision or other practice that is unlawful under such Acts occurs each time compensation is paid pursuant to the discriminatory compensation decision or other practice, and for other purposes, which was referred to the House Calendar and ordered to be printed.

□ 2045

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1, AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Ms. SLAUGHTER, from the Committee on Rules, submitted a privileged report (Rept. No. 111-6) on the resolution (H. Res. 88) providing for consideration of the bill (H.R. 1) making supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for the fiscal year ending September 30, 2009, and for other purposes, which was referred to the House Calendar and ordered to be printed.

HEALTH CARE

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

Mr. BURGESS. Mr. Speaker, I thought I would come to the House floor and talk a little bit about health care, because for better or for worse, this Congress is likely to be remembered for some time as the Congress that did tackle health care. And the question that's on everyone's mind is will we help or will we make things worse?

Now, 2 weeks ago Congress was sworn in for the 111th Congress, we took to the floor of the House and we passed, under what is called suspension of the rules, we passed an expansion of the State Children's Health Insurance Program. Now, passing under a suspension of the rules is a special case—usually that's reserved for noncontroversial items—but anyone who followed the activities of the 110th Congress knows that this bill was far from noncontroversial. In fact, it had several provisions that created a good deal of

controversy in the fall of 2007 and on into the spring of 2008.

But we passed the bill under suspension of the rules because the Democratic leadership told us we didn't need to debate the bill any more because we had worked on it in the Congress before. But a lot of things were different in this bill, things we hadn't talked about in previous Congresses.

And, in fact, there are 54 new Members of Congress, that means that greater than 12 percent of the Congress is new this year. That means that between 30 and 40 million Americans did not have representation in Congress when that bill was discussed in the 110th Congress, and their representatives were effectively cut out of the process.

But when it comes to constructing a health care plan for America's children, I think it's important for us to do it right. Remember that the State Children's Health Insurance Program was started in 1997 by a then Republican Congress, it was authorized for 10 years. Everyone who was sworn in the last Congress knew that prior to September 30 of 2007 we would have to reauthorize the bill.

What did we do? We waited till the last minute, had a big fight, had to extend it. The President vetoed it, it came back, the veto was sustained, fought some more. Sent it back down to the President, he vetoed it, sent it back, the veto was again sustained. And then we reauthorized the continuation of the State Children's Health Insurance Program for 18 months, bringing us to the end of March of this year. So, to their credit, the majority leadership, the Democratic leadership of the House did not wait till the last minute as they did 2 years ago, but they tackled it the first week of the session but, again, tackled it in an odd way. We didn't have a single hearing.

We didn't have what's called a markup in either subcommittee or full committee on the Committee of Energy and Commerce or the Committee on Ways and Means. A markup is where you go through a draft of the bill and see if there are any improvements that either side can make. We went through a 12½ hour markup last Thursday night on this so-called stimulus bill.

I am not sure we got a great amount of work done in that 12½ hours but, nevertheless, the minority and the majority, members on the committee who sit way down on the front who lack seniority were able to have their voices heard as this legislation worked its way through the committee, but not so with the State Children's Health Insurance Program. So I guess the question I would have, and this is my fourth term, perhaps I should be getting used to such things at this point, but I still find them odd.

If the Members on the Democratic side are so confident in their ability to legislate and so confident on the merits of their legislation, why seek to stifle the opposition? What are you afraid of?

Bring the bill to committee. Let's have a hearing or two, let's have a markup. Let's bring it to the Rules Committee, let's bring it to the floor like we do with bills all the time.

What is the reason to hide behind a suspension of the rules of this very, very important legislation. And, again, I would stress, 54 Members of Congress here in the 111th Congress were not present in the last Congress. So it's all well and good to say, oh, it's old stuff, we have debated it before, we have worked it out before, it's just a rehash of something that has gone on previously. Even if that were true, and it's not, but even if it were true, Mr. Speaker, those 54 new Members didn't have an opportunity to weigh in one way or the other, and they may have had some good ideas.

That's why we have elections every 2 years. That's why there is turnover in this Congress, because new Americans sign up to offer themselves in service of their country. They go through the rigors of an election, they are elected. They come to this Congress, they are full of good ideas, why turn them out?

Why say "no," what you are bringing to this Congress is unimportant because we talked about it last year. We talked about it the year before. You couldn't possibly have anything to add to this near-perfect bill that was vetoed twice by the previous President.

Well, lack of input into the bill has led to a number of problems in the current bill. The bill was passed by the House. It has gone over to the Senate. The Senate is taking it under consideration at some point. We will likely get it back, whether it's an identical bill to what we sent over there, or whether it will have to come back to a conference committee remains to be seen. But, nevertheless, the bill has gone from the House over to the Senate and awaits its fate over in the Senate.

One of the things that was most disappointing about this legislation, remember that this is the State Children's Health Insurance Program to enroll children of families who earn at or below 200 percent of the Federal poverty level. In round numbers, that's about families of four who earn around \$41,000 to \$42,000 a year. So those are the families, the children of those families are the ones that would be eligible for coverage.

But there are a number of children in those families that are eligible for coverage that are not covered, about 800,000. And wouldn't it be reasonable to take the steps to cover those children first before we expand coverage to children in higher income brackets. Many of us thought so 2 years ago, a year ago. Many of us still feel that way today, but this was a concept that was not allowed to be debated on the floor of the House.

Oddly, and I don't know that I have ever seen legislation quite crafted in this way, we picked the ending numbers, and then we weren't going to build the legislation around it. This