women, and their relatives, so that all hostility that they suffer in the streets of Havana and in all of Cuba cease, both physically and verbally, for defending their right to freedom.

We thank you for your time and cooperation, and we trust in your invaluable help, at the same time that we insist that the current situation is extremely delicate and dangerous.

Respectfully,

BLANCA REYES CASTAÑÓN,
Representatives in Europe.
YOLANDA HUERGA,
Representative in the United States.

This last Sunday, the day before yesterday, the Ladies in White were surrounded and subjected to 7 hours of insults and acts of violence by the plainclothes thugs of the Castros' state security apparatus. Surrounded and subjected to nightmarish, abominable insults and grotesque sexual gestures, as well as loud, constant screams and chants of communist slogans and violence for 7 hours, the day before yesterday, subjected to the well-planned tactics which are part of the training of the plainclothes state security agents of the Castros' gangster regime.

But the Ladies in White continue to stand tall. Like the political prisoners who they defend, the Ladies in White represent the true Cuba. They embody the decency, patriotism, and love of the real Cuba—not the grotesque, perverted hatred, envy, and perfidy of the Castros and their gangster regime.

This evening, my thoughts and prayers of limitless admiration and solidarity are with Cuba's Damas de Blanco—the Ladies in White.

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

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

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

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

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

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

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

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

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

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

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

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

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Florida (Ms. ROS-LEHTINEN) is recognized for 5 minutes.

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

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

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

FINANCIAL REFORM

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

Mr. ROYCE. Mr. Speaker, as we watch the Senate move on legislation yet again toward a cloture vote on Senator DODD's legislation, I think it is worth noting some of the concerns that many of us have and that many economists have with the Dodd-Frank approach on the legislation. I begin with focusing on a past occurrence, the rescue of investment bank Bear Stearns in the spring of 2008.

The Federal Government has committed trillions of taxpayer dollars to institutions like Fannie Mae, Freddie Mac, AIG, Citigroup, and Bank of America out of fear that the demise of any of these too-big-to-fail institutions would trigger a systemic crisis and collapse of the global financial system. For my own part, I'd make the observation that I thought—I voted against those bailouts with the presumption that if we move to enhance bankruptcy, it would be preferable to setting up a system which would bring the moral hazard and the eventual evolution into a system where the Federal Government was guaranteeing institutions that were too big to fail.

But that is currently the concern I have about this legislation, even though the public has rejected this approach to financial regulation, the bailouts that we have seen, and abhor bailouts of financial institutions. If you have a town hall meeting, I guarantee you, you will sense the rejection of the Dodd-Frank approach.

□ 1815

Still, this approach, endorsed by the administration, would guarantee the bailout authority remains a powerful tool in the government's arsenal. Now, the President is hoping to use the tactic employed in the health care debate by dismissing legitimate concerns with rhetoric but not with facts. And I would take the comments he made in New York where he said, ''What is not legitimate is to suggest that we're enabling or encouraging future taxpayer bailouts, as some have claimed. That may make for a good sound bite, but it's not factually accurate.'' Well, actually it is accurate.

And let us look at the bailout fund in the House-passed bill. On the House side, H.R. 4173, subsection 1609(o), it provides authority for the government to borrow up to $200 billion that can be used by the government for its bailout actions.

In the Senate bill, Senate bill 3217, subsection 210(n), it creates a special $50 billion fund to resolve big financial institutions, to resolve those institutions when they've failed. Behind that fund is the ability to issue government debt—in other words, to issue taxpayer obligations. It is no wonder why our colleague on the other side of the aisle from California (Mr. SHERMAN) recently said of the Dodd bill, ''There are serious problems with the Dodd bill. The Dodd bill has unlimited executive bailout authority. That's something Wall Street desperately wants but doesn't dare ask for. The bill contains permanent, unlimited bailout authority,'' as my colleague on the other side of the aisle mentioned, and I agree with his assessment.

There is another piece of this in the broad expansion of open bank assistance authority granted to the FDIC. The House bill, section 1109, provides the FDIC authority to ''avoid or mitigate adverse effects on systemic economic conditions or financial stability by guaranteeing obligations of solvent'' financial institutions. The FDIC's guarantees can be up to $500 billion and may be expanded an additional $500 billion with permission from Congress. That is $500 billion in potential taxpayer liabilities to solvent companies.

This is not the death panel that Chairman FRANK so often claimed. This is not an ''enhanced bankruptcy process'' or an ''expedited bankruptcy'' that the administration wants people to believe. It is, in fact, a codification of the current ad hoc approach to bailouts. As Mr. SHERMAN has noted in the past, this amounts to TARP on steroids.

We are handing over the keys to the Treasury to unelected bureaucrats. If TARP was any indicator, regulators will always err on the side of doling out too many Federal dollars under the guise of preventing a systemic shock. If the letter of the law allows for them to guarantee $500 billion of debt for solvent companies, they will do just that.

And this is simply the wrong approach. Regulatory discretion armed with a large pool of taxpayer money will inevitably lead to political abuse.

Under the Dodd-Frank approach, government will determine which firms are too big to fail and which are too small to save. Under this bill, the government will determine which creditors and which counterparties of a failed firm should be bailed out and those that should not. And government will dismantle a healthy institution that they believe may pose a risk under the wording of the legislation.

This type of power will lead to a hyperpolitical environment where political pull will replace market discipline. Subjectivity will replace objectivity and the clearly defined rules of the road that have been a cornerstone of our capital markets. We need to expand the bankruptcy process and the clearly defined rules of the road that come with it, and we need to take out the ability for political manipulation in the process.

There are other concerns that I have with the approach in this legislation, in the Dodd-Frank approach, and one of the concerns I have is that it fails wholly to address one of the major root causes of the crisis. It is important to remember that one of the root causes of the crisis was in the junk mortgage market, subprime and Alt-A loans. Federal Government policies were responsible for the buildup of these loans. There were 27 million subprime and Alt-A loans in our economy in 2008 before the financial crisis. That's about half of all mortgages. Of those, 12 million were held or guaranteed by Fannie Mae and Freddie Mac, the government-sponsored enterprises; $5.4 billion of FHA and about 2 million as a result of the largest banks making CRA commitments in order to get approval for mergers and expansions.

One of the other factors, of course, in the economic contraction that we've faced was the fact that the Fed set negative real interest rates; in other words, they set the interest rates that were measured against inflation at a negative sum, and when our Federal Reserve put that in place for 4 years running, it was followed by central banks in Europe that did the same thing. So central banks all over the world for 4 years set those interest rates at a negative rate.

Virtually every economist will tell you that this played a significant role in the crisis; and we're not looking at the fact that we have not addressed this issue either because, in essence, the Federal and the central banks threw fuel on the fire. These unusually low rates incentivized the financial sector to take excessive risk and they exacerbate the normal business cycle. Dr. Friedrich Hayek won the Nobel Prize in Economics in 1974 for explaining this phenomenon on how this causes booms and busts in the cycle.

And, of course, Fannie Mae and Freddie Mac and the easy money policy at the Fed were central to the housing boom and bust, and they are left unaddressed in the Dodd-Frank approach. When you add things in like excessive leverage in the financial sector and the overreliance on the failed rating agencies, you have a recipe for disaster.

And I will add that the Fed came to the Congress and suggested to us in 2004 and 2005 that there was systemic risk with Fannie and Freddie, and what they asked for was an amendment to deleverage these portfolios that were being built up in Fannie and Freddie, in our GSEs, our government-sponsored enterprises. The leveraging was in excess of 100:1. These institutions were involved in arbitrage, and it was Congress that gave them the wherewithal to do this and prevented the regulators from going in and forcing these institutions, these government-sponsored enterprises, to deleverage the size of these portfolios.

You can imagine the reaction from officials at the Fed when we turned a deaf ear in Congress. As a matter of fact, I want to point out that in the Senate, we had legislation from Senator Hagel written by the Fed that would allow that authority to regulate for systemic risk, to give the regulators the ability to deregulate these portfolios. That bill went out of committee, but Senator CHRIS DODD opposed it on the floor, opposed it coming to the floor, and, as a consequence, the bill never came up; although it passed committee, it never came up in the Senate.

On this side of the House, the House of Representatives, there was a bill that came to the floor, and I put in the amendment that Chuck Hagel had carried in the Senate. Again, the amendment that I introduced was written by the Federal Reserve in an attempt to give them the ability to regulate for systemic risk in Fannie and Freddie because they had warned that the consequence we faced was a systemic economic collapse. And certainly that's exactly where this collapse began. It was in the housing market. It was with the collapse of Fannie and Freddie, the loss of about $1 trillion in value.

Now I'm going to bring up one other issue that's missing on the Senate side that really gives me pause in terms of the way this is approached. Let me just make the point that the FDIC has no experience with these types of institutions. As I've said before, I have opposed the bailouts. I, instead, wanted to see a system devised. We have companies, major firms go bankrupt in the United States—airlines, railroads. These are handled instead by an expedited bankruptcy process through the courts, and that's what I wanted to see beefed up.

Let's go to the Senate bill. A major premise upon which the resolution authority was based is the notion that the FDIC uses a similar tool to unwind small commercial banks. In fact, last week before the Financial Services Committee, Secretary Geithner again reiterated this point. But this is like comparing apples to oranges, and I will share with you why.

The FDIC is liquidating very simple institutions primarily made up of insured deposits and made up of small straightforward loans. In fact, 98 percent of the liabilities of banks and thrifts unwound by the FDIC in the last 2 years were insured deposits. This is in stark contrast to the nondeposit-taking institutions likely to be covered under the resolution authority, which is going to end up creating this permanent bailout authority. And I would just give you some examples from the past.

Take Lehman Brothers, take AIG. Neither of these firms had insured depositors or depositors of any kind, and their complex assets and liabilities did not look anything like the simple small loans and residential and commercial mortgages that the FDIC deals with. The sheer size of these institutions trump anything the FDIC has touched. The $639 billion in Lehman was nearly 15 times bigger than the largest bank ever resolved by the FDIC, and AIG was over $1 trillion in assets.

This is another problem with this approach. Since nearly all of the liabilities of banks and thrifts unwound by the FDIC are insured deposits, there is a strong presumption of government backing behind these ''too big to fail'' institutions; and, by applying this model to the largest of our financial institutions, the legislation will signal that the government-provided safety net now extends to a much wider portion of our capital market.

And think for a minute what that means to the competitors of these large firms, for the smaller firms that are too small to save. Suddenly they face a differential in their borrowing costs that can reach up to 100 basis points. Some studies show 78 basis-point costs, some show 100 basis-point costs. That's the costs that small institutions have currently that is higher than the borrowing costs of institutions that face this implied government bailout or have been bailed out by the government.

□ 1830

You saw it with respect to the government-sponsored enterprises, how much lower their cost of borrowing was and how they were able to over leverage, and how on top of all of this, they could become a duopoly and put their competitors out of business because people presumed that the government was behind these institutions.

These are some of my concerns, and I know these concerns are shared by a colleague of mine on the committee, Mr. SCOTT GARRETT.

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

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentleman from New

Jersey (Mr. GARRETT) is recognized for 42 minutes as the designee of the minority leader.

Mr. GARRETT of New Jersey. I thank the Chair, and I thank the gentleman from California who was previously speaking for his insightful analysis of where the country currently finds itself with regard to this macro issue of Wall Street reform and banking reform in this country, something which Members on both sides of the aisle agree wholeheartedly is necessary and needed to be done. We just need to make sure that we do so in a thoughtful manner so we don't do more harm than good.

When President Obama and Democrats claim Republicans are doing the bidding of big Wall Street banks and oppose all financial service reg reform, you know, you hear that over and over again by some of the commentators on TV, I have to say, you find it laughable on a number of different levels.

First of all, think about this, it is the Democrat bills that have institutionalized permanent bailouts and too big to fail. It is no wonder then that Democrats have received such strong fund raising support from the titans of Wall Street.

As I stand here, I'm not sure I have all of those numbers before me. Later on I may. Off the top of my head, those numbers stand out as something to the tune of something like around $15 million from the various titans of Wall Street, as they put it, to the President's campaign in the last cycle. I think the number I saw just the other day, and the most recent numbers out for the 2008 cycle of Congress, something like $2.9 million from these various Wall Street firms and banks going to the majority party, the Democrat Party, in the last election; twice as much as what is going to Republicans.

Maybe it is no wonder that they have received such strong support from Wall Street that they would then put in a bill that would see to it that Wall Street is taken care of in the sense of the perpetuation of bailouts at the taxpayers' expense.

Not only do Republicans support real financial service reform, the House Republicans were the first ones to come forward with a comprehensive reform plan that actually ends too big to fail. It ends bailouts, and we also don't succumb to the Democrats' urge to take yet another vast portion of our economy with government overreach and intrusion and bullying of private businesses. Think about that.

The reason I point out that Republicans came out with a proposal earlier than the majority party, earlier than the White House, earlier than the Treasury. I remember being in this Chamber talking on this floor early last year in 2009, in January and February and March saying we need to attack this problem on Wall Street, we need to attack the morass that we are finding our country in economically. We needed to get reform done. All of the while Treasury was telling us we will have something next week, we will have something next week.

Week after week passed, and we finally ended our waiting for them and we put our minds together. We listened to the American public and we listened to the experts. We listened to the people who were involved with this and the people who also would be hurt by wrong actions being taken. We took all of that advice and we came up with a Republican solution to this proposal, and actually had it done before the White House ever even came up with their white paper that they presented at the White House.

I remember going to that presentation where the President came out and said here is my solution, here is the problem, just laid it out and left the stage. Didn't take a single question from the audience. That is how it has been ever since, left the stage and has not listened to what the American public and those involved have to say about their plan.

Before I go to our Republican plan, I would like to remind our colleagues over in the Senate on the other side, who likely will be asked to vote on the Obama-Dodd-Frank plan, and they will be likely to vote on it again soon. They voted on it earlier, and I guess they will be doing it again today, if they haven't done so already. And the way it is coming down in the press reports is that HARRY REID sees it as a win/win for them to just continue to put vote after vote after vote. The last vote Republicans stood together saying they would vote ''no'' on any bill that would perpetuate bailouts to taxpayers for these financial institutions. That is a good thing. We hope they stand firm on that.

There is a whole host of reasons, in addition to that, why both Democrats and Republicans should vote against that 1,300-page permanent bailout bill.

Let me digress for a moment on that issue. We are just now learning of the ramifications, unintended and otherwise, from the health care bill; you know, that 2,000-page bill that we know no one read on this floor and understood all of the ancillary portions of it, and yet it passed in the House, passed in the Senate, and came back to the House again and passed overwhelmingly after a lot of arm twisting by the White House and others to get all of the votes they needed to get it done.

But you could see during the debate in the health care bill, when poignant questions and particular questions were raised on particular portions of the bill, there was no one on the other side of the aisle who could honestly say I have read through the bill, all of the several thousand pages, and all of the ancillary references to it and had a complete understanding of it. Yet that bill passed, and now we are seeing the ramifications from that.

A study came out this past week from this administration saying the actual cost of health care, remember President Obama said he was going to actually lower it, would go up by a percentage or so over a 10-year period of time. Remember the President also promised no one would lose their health care plan, they didn't read the bill. Because they didn't read the bill, they find out now in another study that about half of those senior citizens on the Advantage program of Medicare will be losing their plans. That is the ramifications when you try to rush something through without reading it and understanding it.

Now back to the point, here we have over in the Senate, we have a 1,300-page plus bill that didn't go through the committee process and didn't have an opportunity for vetting and hearing from the various witnesses and experts, that, too, Senator REID is trying to push through this week against all odds and truly understanding what they are doing over there.

The bill they are attempting to work on and move quickly without that understanding codifies the government policies invoked to bail out AIG, Bear Stearns, and others, and it does so, in large part, by creating a permanent $50 billion bailout fund which, I should add, can be endlessly reloaded. Let me make a point on that.

They say we are going to set up this $50 billion fund to bail out the future bank losses and what have you. Well, if the next day they need that $50 billion and it goes down, the next day after that they can go right back to the pot of money and try to raise it back up again, and go to another $50 billion. So $50 billion is really a placeholder for 50, 100, 150, 200, 250, on and on and on it could go, bailing out failing institutions, so-called too-big-to-fail institutions, and potentially also indirectly put the American taxpayer on the hook.

I should probably explain just one example of that. Look at AIG. What was the number we saw on AIG. I think it was around $80 billion needed to bail it out. Here is the seminal question which I think we put to Secretary Geithner. I don't know if we ever got a satisfactory answer from him or anyone else who proposed the legislation in the Senate. The questions was: Had you had this bill, the Dodd bill, in place prior to AIG, would the outcome have been any different?

Well, there you needed about $80 billion, all from the American taxpayers. Here they say we will have $50 billion. Obviously $50 billion is not enough; so in the short term, where will you get that money. The bill, the Senate Democrat Obama-Dodd-Frank bill basically says you can go to the Federal Government, the Federal Reserve, they can basically front end load that money to the facility so they can loan it out to whether it is AIG next time or another Lehman in the future, or what have you. The American taxpayer at that point in time is now on the hook for however much money they want to lend out without basically any limit.

Other portions of the bill that are problematic besides creating a permanent $50 billion bailout fund, which, as I said, would be endlessly reloaded, paid for by taxing financial firms to pay for other larger firms' failure. I think that is an important point. If you have a local community bank in your community, you have to ask them, What do you think about the fact that potentially, depending upon your size, you could be held liable for the egregious mistakes and failures of these huge titans of Wall Street who make absurd investment decisions. I think most of your local community banks that potentially could be on the hook would say, it is nothing good for us, it is nothing good for our local community because any time you put a tax on something, one bank or another, it hurts the businesses in that community.

Another major point that is problematic with the bill, it expands the implied government guarantee in the financial marketplace for the largest firms. Sort of along the point I was just making here, it is the biggest firms in Wall Street that are going to be able to say, Thank goodness, thank goodness we made all of these contributions to those people in Washington who are now supporting this legislation of the Dodd-Frank-Obama bill because now we know who our friends are, and of course, it is on the other side of the aisle, who are supporting this legislation that will allow for their perpetual bailout.

Another problem with the bill is it continues to place taxpayers on the hook for billions, if not trillions of dollars for bailed out failed nonbanks. I say trillions of dollars because there is nothing in that 1,300 pages of legislation that is sitting in the other House, in the Senate right now that Senator REID wants them to push right through, vote on without having full understanding of it. There is nothing in that bill that would say, American taxpayer, your liability to the big banks in New York and around the country is going to be limited at this much or this much. There is no limit. It can just go up to billions of dollars, tens of billions of dollars, hundreds of billions of dollars, or trillions and trillions of dollars potentially.

And if you think trillions are out of sight as far as the potential, all we have to look at is the GSEs, Fannie Mae and Freddie Mac, and where is the limit on the potential loss to the American taxpayer there. I think it is around $389 billion that they have scored that it will cost taxpayers over the next 10 years coming out of our Treasury, which means out of our pockets. But there is a potential there with several trillions of dollars of potential losses on their books that we can all Americans be eventually liable for. So trillions are not out of the question when you are talking about such mammoth institutions and trading as we have seen here.

To continue, with the problems of the Senate financial services so-called reform bill that Senator REID is trying to push through the Senate as we speak without anyone really understanding or reading it, the bill continues the pattern of government overreach that we have seen throughout the Obama administration and with the Democrats controlling here in the House.

It also continues the pattern of government picking winners and losers and political bullying and deciding just who it is will succeed in this country and who it is that is going to fail rather than through the private market and rather than through the rule of law and the rule of the bankruptcy code.

Did we ever think that we would come to the day when it would be the politicians who would decide: I think that business over there should do well and thrive and succeed, as opposed to this business over here. I don't have much favor for them for one reason or another, maybe they are not a friend of mine politically or otherwise, and the politicians says, That business can go into the dust and not succeed.

Did we ever think we would get to the day when it would be Washington and Washington politicians and bureaucrats who would say, I am going to pick that one as a winner, and that one over there is a loser.

That, in essence, is basically what we find in the 1,300-page bill that Senator REID would like to see passed without any real debate or discussion or amendments or improvements upon because it allows the bureaucrats of various Federal agencies, these appointed and unelected individuals, to make those basically life-and-death decisions for industry and life-and-death decisions for businesses as well.

□ 1845

Did we ever think we would get to the point where those decisions are not made by the markets because this business actually did do a better job in deciding how it would grow, how it would invest, what sort of services it would provide? That's how the free market has always thought that businesses should thrive. And if this business over here decides that they make poor investment decisions, poor customer service, poor decisions, generally, on how it's running, then the market should say that is the business that will fail.

Well, we're going to throw that all aside now with this piece of legislation and say the market forces are not going to be it. What people decide on situations of who should win and who should lose are not going to be the preeminent decision basis anymore. Instead it's going to be politicians and bureaucrats, a sad day that most Founding Fathers would never have thought we would get to.

Another problem with the Senate bill, the Frank-Dodd bill that HARRY REID is trying to push through the Senate right now without a debate and without a full discussion and disclosure of an understanding of the entire bill, is that the bill will restrict access to credit for families and small businesses and ultimately make credit more expensive and less available.

A recent study points out that the portion of the bill, the CFPA, Consumer Financial Protection Agency, something that they want to create as a brand new agency here in Washington, as if we don't have enough agencies already in Washington, a recent study points out that the CFPA will increase the cost of interest rates that consumers pay by at least 160 basis points. What does that mean? That means if you have a 6 percent loan that you could have gotten today, well, once this bill passes, then it will increase by 160 basis points. That means your 6 percent loan will now be 7.6 percent.

Also, the study shows it will reduce consumer borrowing by at least 2.1 percent. Well, that makes sense. Right now most people, when they're out looking for a car loan or they're looking for a mortgage for the house or a home equity loan to try to make some improvements, one of the first things they do when they sit down with their banker or when they open up the paper to see what the availability of interest rates is, they look to see how much are those interest rates. And you want to get the very best interest rates you can get because every percentage point higher means less money in your pocket at the end of the day and more money in the banker's pockets.

Well, this bill, outside studies have said that when you now start looking for those car loans, student loans, commercial loans, mortgages for your house or mortgages for commercial property, under this bill, because they're adding these new impediments to the access of credit, you will see your rates of interest go up by 1 point, 1.5 points. That 1.5 points can mean a lot of money, a lot of money out of your pocket and mine every time you take a loan. And think about it, is that something we really want to do during this economic morass, these economic troubles that we find ourselves in right now?

I have so many small businesses that come to me right now, owners of small businesses, some are individuals, that say I just can't get credit as it is. I have a good credit rating, I have a good credit position, I've been paying all my bills on time, but when I go out to try to get a loan, I just can't get it. And as it is, the rates that are out there are not just really where I want to be, but I can maybe afford them if I can get those loans.

Well, here we're going to have the Senate now try to pass a bill—and we already passed a version of it in the House, unfortunately—that will say to an individual who is already struggling to get a loan or struggling to pay his current interest, you know, the next time you get this loan, the rates were here, now they're going to be 1 point, 1.5 points, even higher; more money out of your pocket each time just because we're creating a new agency in Washington with no other real effect except to make the credit availability less than it is now.

Another huge problem with the bill that's before us in the Senate, that already passed the House and potentially will come back to the House for another vote if it unfortunately gets out of the Senate, is that the bill will also cost jobs; and it will cost the jobs at a time when the singular focus in this Congress should be just the opposite. The one main goal that we should be able to work on across the aisle in this House is how to create more jobs all across this country, all 50 States.

I know the average rate for unemployment in this country is just shy of 10 percent; but, boy, you talk to some folks in different parts of this country and you know that the unemployment rate is a lot higher than that: 10 percent, 20 percent, 30 percent, 40 percent, 50, 60 percent higher in certain portions of this country than where it is as a national average. You talk to those people where the long-term unemployment rate is around 15, 16, 17 percent and ask them, What's the most important thing that Congress should be doing right now? They will honestly answer you, Get me a job; Help turn the economy around so unemployment rates start going down again and so I can start supporting my family again.

And what are we doing? What I'm doing is trying to create those jobs. But what is Congress doing? What is the Senate doing right now? What is the Democrat majority doing right now? Well, they're trying to pass a bill over in the Senate that will cost the creation of jobs just at a time when we should try making even more.

Remember I mentioned a study earlier saying that if we pass that Senate bill out of the Senate—today, tomorrow, this week, next week—I mentioned before that if we do so, your credit costs will go up. That same study also found the number of jobs will be impacted in this country as well. And here's what they found: the study found that the CFPA, the Consumer Financial Protection Agency, which is a provision in that bill over in the Senate, will actually reduce net new jobs in the economy by 4.3 percent. Let me repeat that: if the Senate bill were to pass and that new CFPA were to be created, as the President wants it to be created, you would reduce net new jobs in the economy by 4.3 percent. So pass the Senate bill, see the net number of jobs go down by 4.3 percent.

There's another provision in the bill as well, just as an aside—without getting into the weeds, as they say, portions of the bill—it says the derivative and systemic risk portion of the bill—that's a whole other portion separate from the CFPA, that is a section that tries to regulate and address the issue of derivatives. And Republicans, by the way, as I mentioned in the earlier portion of this hour, did put in language to try to address derivatives and make sure that there is more transparency and accountability there, but the way they're doing it right now over in the Senate, that section will also likely reduce jobs as well, according to outside experts. And why is that?

Well, it's hard to get into without going through a laborious explanation of derivatives and how they all work and what have you; but just understand this, that if you create higher costs for the end users, if you create higher costs, whether it's credits or otherwise, for people who currently use the markets as they are currently configured in an honest, transparent, and open way, if you require certain businesses to say, well, instead of taking this $100,000 that I was going to use to buy some new equipment, a new truck, new manufacturing equipment, or instead of me taking this $1 million I have over here to build a new plant, to hire new employees, to create a new manufacturing base, I'm going to have to use that over here because of all the new rules and regulations that the Senate wants to impose on that business.

I'm going to have to put it over here sort of just sitting in the bank, if you will, as far as capital because of these new derivative requirements. If I can't use it to buy a new truck, if I can't use it to buy new equipment, if I can't use it to build a new building, I basically just have to set it aside as far as margin or capital requirements, what happens to job creation in that business?

If he can't buy the new truck, he's not going to hire a new driver to drive that truck. If he can't use the money to buy a new piece of equipment, he's not going to be able to hire new people in the business to run the equipment. If he can't use the $1 million, or whatever it is, to build a new plant to manufacture something, he's not going to be able to hire new people that are able to run that factory and work in the offices in that factory as well or that business as well because this legislation will basically shift that money, job-creation dollars, from that practical good use for the economy over here to, well, let's say not a job-creating use—another problem of the overall legislation that the Senate is trying to pass as we speak.

So at a time when Americans are pleading with the political leaders to stop government overreach in the economy and in their lives, well, this bill basically, again, doesn't listen to those Americans. The Senate bill basically greatly expands government authority for government bureaucrats to regulate now another huge segment of the economy, including, by the way, non-financial institutions, things like retail stores that offer layaway plans, companies that finance their own sales, and even manufacturers that ensure against their risk.

All these areas had absolutely nothing to do with the economic problems that the country finds itself in today, okay, but all of a sudden, because there is an opportunity out there to grow government, grow government agencies, create new programs at the expense of the taxpayers, as the President's Chief of Staff said—and I paraphrase him—Don't let any good crisis go to waste, we're in a crisis situation, so instead of dealing with the crisis area over here, we're going to start creating all new agencies over here to regulate all different aspects of the economy that were not part of the problem. That's exactly what this legislation that we hear is about to be considered in the Senate, that Senator REID would like to pass through without the debate, deliberation, and transparency that we would like.

So at a time when Americans are pleading with political leaders to stop the government overreach, this bill greatly expands authority for government bureaucrats, as I say, to regulate huge segments of the economy, including those non-financial institutions, such as the stores and the layaway plans and so on and so forth.

It also allows—and here's a point—it also allows government bureaucrats to take over and actually close a firm. The government, for the first time you're going to be able to say, besides picking winners and losers, as I pointed out before, which is a tremendous overreach of government authority to say for a bureaucrat someplace in Washington or New York or some other place designated by the Washington bureaucrats to say, well, we think that your business should win and your business should lose, besides just picking winners and losers, the Senate bill goes even further than that.

It allows government bureaucrats to take over and close a firm. They can say for whatever reason—hopefully not political, but who knows—for whatever reason these bureaucrats will say, well, I think that firm over there is one I think the government agency now should take over. Isn't that really too much power in the hands of the government? And doesn't it open up our economy to political bullying rather than the way it should be?

And the way it should be is it should be that a firm's success or ultimate failure should be decided by the free markets, decided by the people of the country whether they think this company is providing the services they like and this company is not providing. That's the way it has been for 200-plus years—or longer than that, actually—in this country, and now we're going to change all that and allow bureaucrats to say, you win, you lose, we're going to take over you, we're going to not take over you; we're going to provide you with a bailout at taxpayers' expense; you're going to have to do it on your own. And you the citizens out there are going to have to all pay the price of this.

Those of you who think you have nothing to do with financial services, well, you're going to see your interest rates go up. Those of you who are out there who think that this doesn't impact you, well, you may not be able to find a job next year because the net number of new jobs is not going to increase as it would have. It's going to impact upon all of us if we are to pass this failed bill over in the Senate.

Now, several portions of the bill also are handouts to—who do you think? The trial bar. Why is that? Because it will increase lawsuits. It will benefit lawyers, but drive up costs for everybody else. Nothing against lawyers by any means, trial lawyers as well, but do we really need another piece of legislation that will just basically increase the number of lawsuits in this country? Don't we have enough lawsuits already going on? Do we need to set up a structure that fundamentally is done in such a way that most of the experts looking at it are saying, yes, the number of lawsuits is going to increase just because there is so much ambiguity that's out there?

Also, at a time when you're seeing a growing consensus that the Federal Reserve should be less powerful, let's take a look at the Federal Reserve, and isn't there a consensus now. I think we saw bipartisan support that the amount of control and authority and power of the Federal Reserve, I thought there was growing consensus in this country and also in this Congress, in this House, that maybe the Federal Reserve should be reined in a little—or some were saying a whole lot. That's not what is happening over in the Senate.

So at a time when you're seeing a growing consensus that the Federal Reserve should be given less power, not more, the Senate bill greatly expands the Federal regulatory powers. This is done despite the fact the board has a proven track record of failing to identify systemic risks before they actually occur in its overeagerness to pay taxpayers money at risk while conducting fiscal policy without accountability. It has an overeagerness to put taxpayers' money at risk while conducting fiscal policy without any accountability.

And any time we try to get that accountability, I should add just as a side note, what do we get? We get pushback from the Federal Reserve. Pushback, whether it's a Republican idea; pushback, whether it's a Democrat idea to try to put in some additional levels of accountability and transparency. And so despite that, the Senate bill is going to say we're going to give them even more and greater power and control.

Given the extraordinary government interventions into private firms we've already seen with the trampling of the rule of law in order to benefit political favorites in the auto industry, for instance, I'm very uncomfortable with any of these new sweeping powers. The auto industry, I guess, is a clear example of that. It goes back to what I was saying before: Federal Government, bureaucrats saying this company wins, this company loses, and we're going to use the taxpayers' money to prop them up and keep them going.

Let me just go back for one little point I raised before—I didn't want to go into the weeds too much on it—and that was the derivatives portion of the bill. Derivatives, I've heard them described in a number of different ways, insurance policies or such, but without going into the details on how they actually operate, remember this about derivatives, I guess, to take away from my remarks on derivatives: none of the experts that came before the committee—those who use them, those who didn't use them, those who are involved with them, those who are not involved with them, academics and the like—there was no one who said that the problems that we find ourselves in today were because of the structure or the makeup of derivatives themselves. No. I think most of the experts who came to us said it was the fact that you had trading in derivatives without adequate transparency and capital there in certain circumstances, like in the AIG situation.

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And then similarly, with the AIG situation you had a situation where the regulators who were charged with knowing what they are doing, having the authority to do so, failed to live up to their obligation to monitor the very entities that they are supposed to be giving oversight to. Isn't it a little bit ironic that we see now in the Senate that those very same failed regulators are going to get even bigger and broader powers.

In any event, on the derivative portion of the bill, what does the Senate bill do? Well, it sets up a really, I don't know what is a good word for it—I guess a technical word would be clumsy—it sets up a clumsy new two-tiered SEC-CFTC regulatory regime over all derivative users. And that is really a huge portion of the economy.

You know, the average person says, ''I don't use derivatives.'' And the average small business might say, ''I don't use derivatives.'' But that small business begins to look one step behind its daily activities, it may find that the source of its credit does in fact use derivatives. That industry that has a particular product that they manufacture, what have you, maybe people in the company that work there don't recognize it, but you talk to the CFO, chief financial officer or otherwise, you will find out that they actually do use derivatives to protect themselves, just like other companies use risk management as mechanisms to protect other portions of their business. So they are used. They are a huge portion of the economy.

And here we have a Senate bill now saying we are going to fool around with this and set up this new two-tiered SEC and CFTC regulatory regime over all the derivative users. And in a way it goes back to my earlier point that it will probably be ripe for litigation and also confusion to say the least.

In all this, there will be some new truly heavy-handed government mandates that are likely to have major unintended consequences that could really make it more difficult for companies to hedge their risks. That's why I say a lot of businesses may not recognize how it impacts upon them. Maybe it is not the company themselves, it is other companies that they deal with, that they have to deal with. If they can't hedge their risks properly, they will find themselves at odds with being able to prosper and do as well next year as they have in the past.

So when the Senate bill tries to do this, what it's really doing is adding huge new costs to risk management. What will that do? That will needlessly tie up companies' moneys that could otherwise be used to create jobs. It goes back to that little analogy I had before saying that if you have a company that says we have X number of dollars in the bank that we are intending to use for new expansion, production, or growth, now that money may be unfortunately tied up over here through all the new regulation and otherwise, and capital margin requirements and the like. And if they can't have it over here to grow the company, prosper the company, and create new jobs and the like, and new benefits for their employees because it's now tied up, who hurts? Who pays the price? It is the employees, it is the economy, it is the community that that business finds itself in.

Now, to all that truly terrible legislation that we see sitting in the Senate that Senator REID is trying to push through without a true committee process where we could really get into the weeds and find out what is in those 1,300-plus pages and try to understand all the consequences, intended and otherwise, the Republicans do have a comprehensive substitute. It has received unanimous support from the party and those here who have worked on it, and also significant support from those players, both involved with the discussion, academics and otherwise.

And it is really also the only truly bipartisan plan that's out there. Because whether you are a Republican or Democrat, I think most in this country agree on one theme: No more bailouts. So it's bipartisan in the theme, it's bipartisan in the merits, it's bipartisan in the actual language. Its central theme, as I say, is no more bailouts. And our plan depends on an expedited bankruptcy rather than a government-run bailout fund.

Let me give you one, two, three, four points that are in it. It provides comprehensive transparency and accountability among the major traders in the derivative markets without setting up that Byzantine new regulatory regime that I just mentioned a minute ago. It allows for real consumer protection, important, without a bureaucracy that separates consumer protection from what we call prudential regulation, safety and soundness like we saw with Fannie and Freddie.

I will digress there for 30 seconds. That simply means that you are not going to say that there is somebody sitting over here looking over an institution saying, well, I think you should do this in order to be safe and sound and prudentially run, and you are going to have somebody over here in a totally different silo, a different agency, who is going to be saying, well, I think you should have a consumer product that works this way or works that way. And if they are working at cross-purposes, which one prevails? Well, at the end of the day, the consumer is the one that hurts.

Additionally, third point, the Republican plan reins in the Fed instead of giving it vast new powers. It goes to that point I raised before. The Democrat majority plan in the House and the Senate says, ''Hey, Fed, you've been doing such a wonderful job with monetary policy, you've been doing such a wonderful job with regulation of the institutions under you, you've done such a wonderful job, Federal Reserve, with being able to see the calamities down the road.'' I say of course that all tongue in cheek. They say, ''Well, we're going to make you even larger and more expansive and grow in power.''

Well, not for the Republicans, not for most Americans. Most Americans want us to rein in the Fed. And that is what the Republican bill will do, by giving it less powers than it has right now.

Fourthly, the Republican plan responsibly deals with Fannie and Freddie, one of the biggest culprits in the entire process. Believe it or not, the Senate bill, the Dodd-Frank-Obama bill, does absolutely nothing with regard to Fannie and Freddie and the GSEs. Think about this little number right now. You hear about all the money that was spent over the last year or so out of taxpayer pockets, whether it goes to the Wall Street bailouts, whether it goes to the auto industry, whether it goes to AIG or Bear Stearns and you just name it, all those billions and billions of dollars went out the door. You know which bailout really trumps even all those combined? It would be the GSEs, Fannie Mae and Freddie Mac, where, as I mentioned I think earlier this evening, the number is close to $400 billion already projected to cost the taxpayer over the next 10 years. And the President's plan, the Dodd-Frank plan, is silent on trying to do anything about that.

Not only are they silent about doing anything about that, it's silent as to putting any limits to it. Right now there is no limit to the amount of money that can come out of your pocket and my pocket to bail out these institutions. Something should have been included in there. They did not.

Remember, finally, it was largely government that got us into this situation we find ourselves in in the first place. It was the implosion of Fannie and Freddie that created so many of the other problems that we see across the economic spectrum as we see it today. It was also the easy money policy of the Fed and the errors that were made over time there. It was the misplaced incentives and downright requirements in the housing finance sector that basically encouraged or forced firms to lend to borrowers that shouldn't have been buying a home in the first place. It was government regulators that didn't do their job whom the Democrats would like to further empower and provide a false sense of security and hamper the free markets.

It was all those problems that brought us to the situation that we find ourselves in today. None of those problems are addressed either at all or in a correct manner in the legislation that we see in the Senate right now.

Now is the time that we have an opportunity to do right for the American public. Now is the time we have an opportunity to do right for the economy. Now is the time we have an opportunity to create new jobs and new expansions in the economy, to make the economy of tomorrow better for businesses, for small community banks, for small communities across this country, for families as well. But we can only do that if we work in a truly bipartisan manner to go through the process and begin the discussions on what the root causes of these problems were and to come up with a no-bailout philosophy and approach to this that addresses the GSEs—Fannie Mae and Freddie Mac—that reins in the excessive powers of the Federal Reserve, and addresses the other concerns of job creation and the other concerns of regulation that I have addressed already this evening. If we do that, then we will be successful for this generation and generations to come.

I look forward to actually being able to get to that point in time. I look forward to hearing from the other side of the aisle and hearing from the Senate that the bill they are pushing right now, the Dodd-Frank-Obama bill, is being pulled and they are no longer going to force the votes, but instead they are willing to open up a true and honest dialogue to get the job done. When that time comes, I will be willing to work with them to accomplish that.

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

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. TOWNS) to revise and extend their remarks and include extraneous material:)

Mr. TOWNS, for 5 minutes, today.

Ms. WOOLSEY, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

(The following Members (at the request of Mr. POE of Texas) to revise and extend their remarks and include extraneous material:)

Mr. POE of Texas, for 5 minutes, May 4.

Mr. JONES, for 5 minutes, May 4.

Mr. LINCOLN DIAZ-BALART of Florida, for 5 minutes, today.

Mr. BILBRAY, for 5 minutes, today.

Mr. MORAN of Kansas, for 5 minutes, May 4.

SENATE ENROLLED BILL SIGNED

The Speaker announced her signature to an enrolled bill of the Senate of the following title:

S. 3253. An act to provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Lorraine C. Miller, Clerk of the House, reports that on April 26, 2010, she presented to the President of the United States, for his approval, the following bill.

H.R. 4360. To designate the Department of Veterans Affairs blind rehabilitation center in Long Beach, California, as the Major Charles Robert Soltes, Jr., O.D. Department of Veterans Affairs Blind Rehabilitation Center.

ADJOURNMENT

Mr. GARRETT of New Jersey. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 10 minutes p.m.), the House adjourned until tomorrow, Wednesday, April 28, 2010, at 10 a.m.