we have too-big-to-fail institutions that create products that are designed to fail, and they profit immensely by doing that. What's that about market making?

Ms. SPEIER. The hardest thing to try to explain to the American people is what is a synthetic CDO and liken it to what goes on in our lives. So I have been scratching my head trying to think of what it would be like. This may not be a good analogy, but I offer it up. It would be like a doctor going in and doing open heart surgery knowing that his patient was very close to death anyway, and then taking out a life insurance policy on that patient because he was clearly going to win each way.

Ms. KAPTUR. Excellent analogy. They created rules by which only they could win, and that doesn't seem to me to be the spirit of free enterprise. They created so much collateral damage it brought down the economy of the whole country. They keep using the argument if we didn't have the TARP, then things would have really gone wrong. I thought, How could it be worse? How could it be worse than this? Is what they did with the TARP just bailing themselves out, because they certainly have not done anything for the American people. They have thrown all of the bills of all of their mistakes on Fannie Mae, Freddie Mac, FHA, all of the instrumentalities of the United States for decades to come. They didn't take any losses on those themselves. They were enriched by the taxpayers of the United States who lifted them right up. And they are not dealing with the damage across this country where foreclosures continue to go up.

I place on the Record the names of the six companies that now hold two-thirds of the wealth of this Nation, and they are Goldman Sachs, Morgan Stanley, JPMorgan Chase, Citigroup, Bank of America, and Wells Fargo. They have enriched themselves handsomely. They doubled their importance since the beginning of this crisis while quashing community banks across this country, seeing forced mergers as institutions like PNC bought up National Citibank in Ohio, as local community banks that didn't do anything wrong and were not permitted to do this kind of wild-eyed business deal, found themselves having to pay huge FDIC fees. And the net yield of all of this is the big ones got bigger and the American people are continuing to be kicked out of their homes and these institutions won't return phone calls and they have hold of the auction process and their investment intermediaries are holding the equity and the ownership in these properties. How is that good for this country?

Ms. SPEIER. I thank the gentlelady from Ohio. It is very important to make the point that Goldman Sachs has never loaned a dime, has never offered a loan to an American trying to buy a house. They have never been a commercial bank as we know them, and yet they have the luxury of being at the discount window getting the money cheap even though they have not been a commercial bank as we know a commercial bank to be. All they have done is bet on how to rig these various mortgage-backed securities and make a truckload of money off them.

Ms. KAPTUR. What amazed me is when all of the house of cards started to fall, sometimes in my part of the country you see chipmunks tearing across the concrete, and they go so fast. The minute they got in trouble, what did they do, they came under the umbrella of the Bank Holding Company Act so they could not be a speculator any more, now they are a legitimate bank; right? Even though they were trafficking in all of those securities, they were just like those little chipmunks. They hid themselves right under the Bank Holding Company Act. I don't agree with what was done, but they took good care of themselves.

Ms. SPEIER. I now yield time to my good friend, the gentleman from Rhode Island (Mr. LANGEVIN).

Mr. LANGEVIN. I thank the gentlelady for yielding, and I want to echo the concerns and the words of my colleagues who have spoken on this issue of financial reform and the outrageous financial business practices that have been taking place on Wall Street.

I am angry, as you are, and I certainly want to take the opportunity to express my strong support for the work being done to crack down on Wall Street and enact reform to prevent another near-economic collapse from endangering our financial system and American families.

I was certainly proud to vote for the Wall Street Reform and Consumer Protection Act this past December, and I look forward to voting for its final passage into law this year.

In my home State of Rhode Island, we are still feeling the repercussions of the Great Recession. With an unemployment rate of 12.6 percent, we are tied for the third highest unemployment rate in the Nation. And I'm angry that while Wall Street banks were propped up with taxpayer funds last year, our small businesses on Main Street are struggling to keep their doors open. American families are struggling to keep their homes, and they are still asking where is their assistance because it hasn't been enough.

Over the past few years, I, like many Rhode Islanders, have been angered by the greed exhibited by Wall Street and other companies that took advantage of their investors, preyed on our constituents, and rewarded executives with outrageous pay packages. This week, we heard Goldman Sachs executives testify before the Senate that they are not to blame for the bad investment deals that were based on the mortgage market and added to its collapse.

This testimony is a slap in the face to hardworking Americans, small business owners and everyone else who played by the rules only to find themselves devastated by the economic downturn. And it should convince every Member of this body to prioritize legislation that puts consumers first and demands accountability of our regulators and financial institutions.

Sadly, Wall Street has been fighting such reform tooth and nail when in fact they should be embracing our efforts to ensure that the rules are clear, the system is transparent and the playing field is even. Once again, I urge the financial sector to join us instead of fighting us—if your practices are legitimate, you should have, nothing to fear from this legislation.

The reckless actions of Goldman Sachs and other financial institutions provide a clear illustration of why we need to place a greater importance on good corporate governance. We must create an environment in which businesses take care of—and are held accountable to—their shareholders, employees and customers. Companies should be encouraged to have sustainable environmental policies and practices, solid workplace relations and produce safe products.

That is why I plan to reintroduce the Federal Employees Responsible Investment Act, which would add a socially responsible investment option to the Thrift Savings Plan. Making an investment in companies that are committed to corporate responsibility will have a positive impact on our financial system, as well as empower individuals to reward companies that share their values.

We must do everything in our power to move our economy forward, and I urge all my colleagues, especially those in the Senate, to support legislation that ends Wall Street's gambling with our hard-earned dollars. I agree with President Obama when he said last week, "this issue is too important and the cost of inaction is too great." My constituents in Rhode Island couldn't agree more.

Ms. SPEIER. I thank the gentleman and recognize we could have spoken for 2 hours this evening, and we will continue this.

ECONOMIC CRISIS IN AMERICA

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

Mr. KING of Iowa. Mr. Speaker, I listened with interest to the presentations made here in the previous hour, and there were a couple of visuals that I want to look at and commit some of that to memory.

I heard from Ms. KAPTUR that this is not a partisan issue, it is an economic issue and an American issue, and I agree. I have been troubled for some time not just the influence that comes out of Goldman Sachs, but the influence that comes out of Wall Street. Here is my concern and here how it was internalized.

I lived much of my life watching from a distance what was going on on Wall Street, and I believed that as those investors and those bankers sat down there and began to trade on the streets of Wall Street and began to build the edifices that exist there today so very close to Ground Zero, that they were keepers of the free enterprise flame in America.

□ 1815

I had great trust that they were the ones that understood from the top down, from the multiple billions of dollars in investments down, how to hold together free enterprise, how to plan for the long term, how to put provisions in place so that each generation could have that opportunity to do free enterprise capitalism and free market capitalism.

I got my first wide open eyes when I first went to Wall Street when I was elected to Congress; it would be fairly early in 2003 for me. It's a long story, but the short version of it was after I went around Wall Street and met with a lot of the CEOs and the players that were there, on the way back I turned to my wife and I said, Marilyn, they don't have a vision for the long term. They don't have a plan in place to protect our investments and see to it that this doesn't collapse. They're looking at the short term. They're looking at taking their margins out and they're looking at their quarterly reports, but they're not looking at where we are in 10 years or a generation or 50 years or 100. That was well before we saw anything except a dot-com bubble that was, at the time, being filled by an unnatural housing market that was partially fueled by unnaturally low interest rates. But that was my vision then.

As I watch this unfold, I reflect upon an individual we brought in as an expert, and since I'm going to quote him on the floor, I don't want to attribute it to the name, but it's 30 years in investment banking. This was in the beginning of the subprime mortgage crisis as the dialogue was beginning in the country before we actually saw this starting to tail off. He explained it this way: when you're in this investment banking business, what you do is—and these would be the experts—what you do is pretty much what everybody does. That way if they're making money, you're making money, and if things fall apart and they get bailed out, you'll be bailed out with them.

That was more than 3 years ago. That's another incident that was branded into my memory because it was a seminal moment in my understanding that the economy that most of us deal with as individuals, balancing our checkbook, paying our credit card bills, looking at the income that comes in weekly or monthly and budgeting our expenses and knowing that there are checks and balances in everything that we do, if we fail to make our house payment, somebody comes and sells our house. If we fail to make our car payment, somebody repossesses our car. They don't come along and say, oh, sorry, you didn't buy a nice enough car, we're going to tax somebody and fund that. We have to be responsible for our finances.

If we start a business, we have to guarantee those payments. We have to get a line of credit at the bank so we can make our monthly bills and we can meet the payroll and the utilities and all of the things that come along with the free enterprise side of this.

I looked at Wall Street and I found out that they had a different set of rules, a different way of looking at this, that their checks and balances were not built in so that there was an assurance that—the built-in component that is a check and balance that would require that the people who would make the over-investments and take the excessive risks would pay the price for that.

So as we get to this point now where we have seen the downward spiral in our economy, this ''Great Recession'' as some will call it and the massive government bailouts that we have had and the tremendous burden on the taxpayers, born and unborn, that we will have this obligation to try to service the interest and the principal on this debt, still the guarantee is there, more than implicit, it's now nearly explicit with this legislation. And we may or may not agree on how we go forward, but I think we can agree that the things that we've done in the past haven't had enough checks and balances internally.

As I listened to this dialogue—I didn't come to the floor to speak about this subject, but I wanted to express this right in the aftermath of this previous Special Order, Mr. Speaker, to let you know and everyone know that we do have a common cause to put responsibility and government responsibility in the market system. I just watched the gentlelady pay attention here. I would yield to whatever remarks she might choose to make.

Ms. KAPTUR. I want to thank Congressman KING very much for coming to the floor because we share a concern that goes beyond party. This is so serious for our country, it's serious for our generation, it's serious for the next generation.

If we look at the abuses of the financial system over the last 30 years, let's say, every time something bad happened, the government bailed them out. And then the next crisis was worse than the one before it. I came here during the 1980s. I saw what happened, and I saw a huge debt put on the American people, $140 billion at that point. And rather than strengthening the laws to prevent moral hazard, we loosen them. And then we got a worse crisis.

If you look back to Enron, if you look back to everything that happened during the 1990s, rather than repairing it, what we did was we gave them more latitude—it's inexplicable what occurred—and the moral hazard got greater. And now with this, this is so much larger than the last two crises, and it's a real question as to whether the so-called ''reform'' coming out of the Congress will actually work.

I would like to place in the RECORD an interview with Professor William Black, an attorney who was recently on television, that I think is very, very probing about the enormous potential here for financial fraud, control fraud, the lack of investigators inside the FBI, and as Congresswoman SPEIER mentioned, inside of the SEC. And then also an interview with Dr. Simon Johnson of MIT and Mr. James Kwak about what is actually happening in this crisis and how we are not addressing it fully in the reform bills proceeding through this Congress.

So I just appreciate you giving me the opportunity to say that and to say we are in common cause here. I appreciate your comments very much. I am very worried about where we're headed as a country. I see community banks being destroyed in my region. I see these big money center institutions that have been prone to moral hazard having greater and greater authority in our country. And the amount of money they give to political campaigns, and with the recent decision by the Supreme Court to allow endless funding by any group in our political campaigns. Any one of them could wipe us out.

That's not what this country was set up for. We were set up for opportunity. We were set up for the individual to matter, for our communities to matter, for the equity that our people, when they create it in their homes, that they just don't lose it because these people think of some scheme to raid them. And yet that's what we're facing now.

So we have an enormous obligation to educate the American people and learn from them and hear their best advice on how we can dig ourselves out of this hole.

I thank you for allowing me a few moments of your time.

INTERVIEW: EXCERPTS FROM BILL MOYERS JOURNAL, APRIL 23, 2010, GUEST: BILL BLACK

Bill Moyers: Bill Black is with me now. One of the country's leading experts on crimes in high places he teaches economics and law at the University of Missouri-Kansas City, and wrote this book, ''The Best Way To Rob a Bank Is To Own One.''

Welcome back to the Journal.

William K. Black: Thank you.

Bill Moyers: What did you think of the President's speech late this week?

William K. Black: It's a good speech. He's a very good spokesman for his causes. I don't think substantively the measures are going to prevent a future crisis. And I was disappointed that he wasn't willing to be blunt. He used a number of euphemisms, but he was unwilling to use the F word.

Bill Moyers: The F word?

William K. Black: The F word's fraud in this. And it's the word that explains why we have these recurrent, intensifying crisis.

Bill Moyers: How is that? What do you mean when you say fraud is at the center of it?

William K. Black: Well, first, when you deregulate or never regulate, mortgage bankers were never regulated, you effectively have decriminalized that industry, because only the regulators can serve as the sherpas, that the FBI and the prosecutors need to be able to understand and prosecute these kind of complex frauds. They can do one or two or maybe three on their own, but when an entire industry is beset by wide scale fraud, you have to have the regulators. And the regulators were the problem. They became a self-fulfilling prophecy of failure, because they, President Bush appointed people who hated regulation. I call them the anti-regulators. And that's what they were.

Bill Moyers: This hearing that, where you testified this week, looking into the bankruptcy at Lehman Brothers, had something on this.

Timothy Geithner: And tragically, when we saw firms manage themselves to the edge of failure, the government had exceptionally limited authority to step in and to protect the economy from those failures.

Ben Bernanke: In September 2008, no government agency had sufficient authority to compel Lehman to operate in a safe and sound manner and in a way that did not pose dangers to the broader financial system.

Anton Valukas: What is clear is that the regulators were not fully engaged and did not direct Lehman to alter the conduct which we now know in retrospect led to Lehman's ruin.

Bill Moyers: The regulators were not fully engaged. I mean, this is an old story. We all know about regulatory capture where the regulated take control of the regulators.

William K. Black: Yeah, but this one is far worse. That's not very candid testimony on anybody's part there. The Fed had unique authority. And it had it since 1994 to regulate every single mortgage lender in America. And you might think the Fed would use that authority.

And you might especially think that, if you knew that Gramlich, one of the Fed members, went personally to Alan Greenspan and said, there's a housing bubble. And there's a terrible crisis in non-prime. We need to send the examiners in. We need to use our regulatory authority. And Greenspan refused. Lehman was brought down primarily by selling liar's loans. It was the biggest seller of liar's loans in the world.

And when we look at these liar's loans, we find 90 percent fraud. 90 percent. And we find that most of the frauds are not induced by the borrower, but they're overwhelmingly done by the loan brokers.

Bill Moyers: And liar's loans are?

William K. Black: A liar's loan is we don't get any verified information from you about your income, your employment, your job history or your assets.

Bill Moyers: You give me a loan, no questions asked?

William K. Black: No real questions asked. Certainly no answers checked. In fact, we just had hearings last week about WaMu, which is also a huge player——

Bill Moyers: Washington Mutual——

William K. Black [continuing]: In these frauds. Washington Mutual, which used to make, run all those ads making fun of bankers who, because they were stuffy and looked at loan quality before they made a loan. Well, WaMu didn't do any of that stuff. And of course, WaMu had just massive failures. And who got in trouble at WaMu? Who got in trouble at Lehman? You got in trouble if you told the truth. They fired the people who found the problems. They promoted the people that caused the problem, and they gave them massive bonuses.

Bill Moyers: I watched the testimony where you were present the other day in the Lehman hearings. And there was a very moving moment with a former vice-president of Lehman Brothers who had gone and tried to blow the whistle, who tried to get people to pay attention to what was going on. Take a look.

Matthew Lee: I hand-delivered my letter to the four addressees and I'll give a quick timeline of what happened, May 16th was a Friday, on the Monday I sat down with the chief risk officer and discussed the letter, on the Wednesday I sat down with the general counsel and the head of internal audit, discussed the letter. On the Thursday I was on a conference call to Brazil. Somebody came into my office, pulled me out, and fired me on the spot without any notification. I stayed, sorry.

Bill Moyers: Matthew Lee, vice-president of Lehman Brothers, fired because he tried to blow the whistle. What does that say to you?

William K. Black: Well, it tells me that they were covering up the frauds, that they knew about the frauds and that they were desperate to prevent other people from learning.

Bill Moyers: Matthew Lee told the accounting firm Ernst & Young what was going on. Isn't the accounting firm supposed to report this, once they learn from somebody like him that there's fraud going on?

William K. Black: Yes, they're supposed to be the most important gatekeeper. They're supposed to be independent. They're supposed to be ultra-professional. But they have an enormous problem, and it's compensation. And that is, the way you rise to power within one of these big four accounting firms is by being a rainmaker, bringing in the big clients.

And so, every single one of these major frauds we call control frauds in the financial sphere has been—their weapon of choice has been accounting. And every single one, for many years, was able to get what we call clean opinions from one of the most prestigious audit firms in the world, while they were massively fraudulent and deeply insolvent.

Bill Moyers: I read an essay last night where you describe what you call a criminogenic environment. What is a criminogenic environment?

William K. Black: A criminogenic environment is a steal from pathology, a pathogenic environment, an environment that spreads disease. In this case, it's an environment that spreads fraud. And there are two key elements. One we talked about. If you don't regulate, you create a criminogenic environment because you can get away with the frauds. The second is compensation. And that has two elements. One is the executive compensation that people have talked about that creates the perverse incentives. But the second is for these professionals. And for the lower level employees, to give the bonuses. And it creates what we call a Gresham's dynamic. And that just means cheaters prosper. And when cheaters prosper, markets become perverse and they drive honesty out of the market.

Bill Moyers: You also wrote that the New York Federal Reserve knew about this so-called three-card monte routine. But that, the man who led it, at the time, Timothy Geithner, now the treasury secretary, testified that there was nothing he could do.

Timothy Geithner: In our system the Federal Reserve was a fire station, a fire station with important, if limited, tools to put foam on the runway, to provide liquidity to markets in extremis. However, the Federal Reserve, under the laws of this land was not given any legal authority to set or enforce limits on risk-taking by large financial institutions like the independent investment banks, insurance companies like AIG, Fannie and Freddie, or the hundreds of non-bank financial firms that operated outside the constraints of the banking system.

Bill Moyers: Now, what I hear is the gentleman who was then chairman of the New York Fed, saying, I, we had this job to do, but we didn't have the authority to do it.

William K. Black: Yeah.

Bill Moyers: We were the fire truck, but we didn't have any water in our hose.

William K. Black: Yeah, this was pretty disingenuous, because other portions of his testimony, he explained why there was this gap. And he said it was because we repealed Glass-Steagall. Well, the Fed pushed for the repeal of Glass-Steagall.

Bill Moyers: Glass-Steagall was the act that was repealed in the late nineties that separated regular banks from investment banks, right?

William K. Black: Correct. So this is a deliberately created regulatory black hole, created by the Fed. And then the Fed comes into the hearing, eight years later, and said, we were helpless. Helpless to do anything, because of a black hole we designed.

INTERVIEW: EXCERPTS FROM BILL MOYERS JOURNAL, APRIL 16, 2010, GUESTS: SIMON JOHNSON AND JAMES KWAK

Simon Johnson is a former chief economist at the International Monetary Fund. He now teaches at MIT's Sloan School of Management and is a Senior Fellow at the Peterson Institute for International Economics.

James Kwak is studying law at Yale Law School—a career he decided to pursue after working as a management consultant at McKinsey & Company and co-founding the successful software company, Guidewire. Together James Kwak and Simon Johnson run the indispensable economic website BaselineScenario.com.

Welcome to you both.

Let me get to the blunt conclusion you reach in your book. You say that two years after the devastating financial crisis of '08 our country is still at the mercy of an oligarchy that is bigger, more profitable, and more resistant to regulation than ever. Correct?

Simon Johnson: Absolutely correct, Bill. The big banks became stronger as a result of the bailout. That may seem extraordinary, but it's really true. They're turning that increased economic clout into more political power. And they're using that political power to go out and take the same sort of risks that got us into disaster in September 2008.

Bill Moyers: And your definition of oligarchy is?

Simon Johnson: Oligarchy is just—it's a very simple, straightforward idea from Aristotle. It's political power based on economic power. And it's the rise of the banks in economic terms, which we document at length, that it'd turn into political power. And they then feed that back into more deregulation, more opportunities to go out and take reckless risks and—and capture huge amounts of money.

Bill Moyers: And you say that these this oligarchy consists of six megabanks. What are the six banks?

James Kwak: They are Goldman Sachs, Morgan Stanley, JPMorgan Chase, Citigroup, Bank of America, and Wells Fargo.

Bill Moyers: And you write that they control 60 percent of our gross national product?

James Kwak: They have assets equivalent to 60 percent of our gross national product. And to put this in perspective, in the mid-1990s, these six banks or their predecessors, since there have been a lot of mergers, had less than 20 percent. Their assets were less than 20 percent of the gross national product.

Bill Moyers: And what's the threat from an oligarchy of this size and scale?

Simon Johnson: They can distort the system, Bill. They can change the rules of the game to favor themselves. And unfortunately, the way it works in modern finance is when the rules favor you, you go out and you take a lot of risk. And you blow up from time to time, because it's not your problem. When it blows up, it's the taxpayer and it's the government that has to sort it out.

Bill Moyers: So, you're not kidding when you say it's an oligarchy?

James Kwak: Exactly. I think that in particular, we can see how the oligarchy has actually become more powerful in the last since the financial crisis. If we look at the way they've behaved in Washington. For example, they've been spending more than $1 million per day lobbying Congress and fighting financial reform. I think that's for some time, the financial sector got its way in Washington through the power of ideology, through the power of persuasion. And in the last year and a half, we've seen the gloves come off. They are fighting as hard as they can to stop reform.

Simon Johnson: I know people react a little negatively when you use this term for the United States. But it means political power derived from economic power. That's what we're looking at here. It's disproportionate, it's unfair, it is very unproductive, by the way. Undermines business in this society. And it's an oligarchy like we see in other countries.

Mr. KING of Iowa. Reclaiming my time and, Mr. Speaker, I would point out that it is unusual for Democrats and Republicans to share time spontaneously on the floor, but it's because there is a bond of common interest and a bond of a serious legislator that I recognize that's here on the floor for a serious reason.

I thank the gentlelady from Ohio for the presentation.

I'm going to shift off now into the subject matters that I had on the front of my mind, but I was compelled to address this and I appreciate the response.

Mr. Speaker, I come here to the floor tonight to talk about a range of issues. Perhaps if I would pick up on the financial side of this and go through a list of some of the things that have happened that I think contributed to the ''Great Recession'' that some refer to it as. And I would take us back a long ways. I would take us far back to the time that there became implicit guarantees that the Federal Government would do bailouts.

I remember those years of the eighties that the gentlelady mentioned. I went through 28 years of business, and I was highly leveraged going into the farm crisis of the eighties. I know the pain of that. I lived for 3½ years with a knot in my stomach that didn't go away unless there was something incredibly distracting that would cause it to disappear, and then I remember it would form again.

The SPEAKER pro tempore. The gentleman will suspend.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2499, PUERTO RICO DEMOCRACY ACT OF 2009

Mr. ARCURI, from the Committee on Rules, submitted a privileged report (Rept. No. 111–468) on the resolution (H. Res. 1305) providing for consideration of the bill (H.R. 2499) to provide for a federally sanctioned self-determination process for the people of Puerto Rico, which was referred to the House Calendar and ordered to be printed.

ECONOMIC CRISIS IN AMERICA

The SPEAKER pro tempore. The gentleman may resume.

Mr. KING of Iowa. I am always happy to yield when the Rules Committee is conducting business here on the floor.

So I will go back to the beginning, Mr. Speaker, and that is this: that if we would go to 1978—and I want to illustrate the chronology of how we got to where we are today financially. Excuse me, Mr. Speaker, I will take it back even further than that. Let's go back to October of 1929 when the stock market crashed and it launched the Great Depression rather than the Great Recession. We saw a downward spiral in the value of that Dow Jones Stock Exchange and the other shares that were not registered on the Dow at the time, or as part of the Dow Jones Industrial Average, and Americans lost equity. Some jumped out of windows—actually, not nearly as many as history would have us believe—but that crash in the stock market precipitously dropped. Of course it came up and went down, and it's always been a sawtooth.

But we went through the thirties. We saw Franklin Delano Roosevelt being elected in 1932. And actually, prior to that, but certainly accelerated from that point, he borrowed money and spent money and created make-work projects, and he put the United States in debt like never before and never envisioned by the Founding Fathers. Even his own people, including John Maynard Keynes, got nervous with the amount of money that was spent. His Treasurer, Morgenthau, expressed his concern that we spent all this money and what do we have to show for it. Unemployment is still high; the economy still hasn't recovered. And they lumbered all the way through the thirties with marginal improvement in the economy.

And one has to question if it ever would have recovered if it hadn't been for World War II. In fact, the President of the United States, the current President, has made the remark that World War II was the largest stimulus plan ever. He can make that statement and challenge it or not, I don't take issue with the concept that he is illustrating in that point, Mr. Speaker.

But I would continue and make this point, that from October of 1929 we saw all of this spending in the New Deal era of the Great Depression throughout the thirties. We saw all the borrowed money that went into winning World War II, and it's a good thing that we did. I believe Franklin Delano Roosevelt was an outstanding war leader for the better part of the Second World War, not so much of an economic leader, in my view, nor a social and cultural one; but he did hold us together as a Nation and he provided that clear voice and that leadership that was so important during that period of time, and he stood on the ground of unconditional surrender. So I tip my hat to that contribution to history to that man.

However, by the end of World War II, we had not recovered economically from where we were in 1929. And by the beginning of the Korean War—let me say by the beginning of the Cold War in 1948, as it was illustrated by Winston Churchill—we had not recovered from the Great Depression. By the beginning of the Korean War, we had not yet recovered from the Great Depression. And by the end of the Korean War, we had still not yet recovered from the Great Depression. If you measure it as the Dow Jones Industrial Average recovering back to the place where it was in October of 1929, that happened, Mr. Speaker, 9 years after Franklin Delano Roosevelt had passed away. It was 1954 when the stock market got back to where it was in October of 1929. All of those years.

And I will argue, Mr. Speaker, that overspending by government, the interest and the principal overspending by government delays the recovery. It may diminish the depths to which we might have otherwise fallen, but it delays the recovery.

It's the same as in a business. Let's say, for example, you're a small business and you're grossing $500,000 a year and meeting a payroll and all the bills that I talked about earlier and you have a flood that wipes out your asset base. Then along comes FEMA, and if you're in business, they're not going to give you a grant; they might help you get an SBA loan. So if there's a disaster loan, it might even be a preferable interest rate, but let's say your debt was $100,000 and you're grossing $500,000 and meeting a payroll of $250,000 a year. Now, it takes another $400,000 to put all the pieces back in your business, and you're able to borrow that money at 4 percent or 5 or 6 percent.

Now you have the interest rate on the $400,000, plus the requirement to pay the principal off on that $400,000. All of that money that you're spending now that is the result of the overleveraging that may be necessary to keep you in business is money that's earned, it's money that you had to earn, you would have earned it anyway, but now that money goes off for interest and principal rather than capital investment, which is what creates jobs.

□ 1830

At a certain point, you can't service the debt any longer. At a certain point, a business can't pay the interest; it can't pay the principal, and it becomes insolvent if the debt and the leverage is too high. That is true for a family that runs their credit card bills up too much to where they can't service even the interest or the minimum payments on their credit cards. It's true also for a small business. It's true for a large business—and, Mr. Speaker, it's true for a government. It's true for a small government like Greece. It's true for a large government like the United States of America. At some point, this