ROYAUME DU MAROC, MINISTERE DES AFFAIRES ETRANGERES ET DE LA COOPERATION,

Congressman FRANK R. WOLF,
Washington, DC.

HONORABLE REPRESENTATIVE, His Majesty King Mohammed VI acknowledges receipt of your letter regarding the repatriation measures taken against American citizens by the Government of the Kingdom of Morocco.

In answer to your request, I have been instructed by His Majesty the King, Commander of the Faithful, to share with you certain remarks and clarifications in the hope they may alleviate your concerns regarding this issue.

Firstly, I would like to assure you that the Kingdom of Morocco attaches great importance to its historic ties of friendship with the United States of America, with which it shares a unique and longstanding relationship which His Majesty the King seeks to preserve and deepen in all areas of exchange and cooperation.

The values of freedom, democracy and tolerance which brought us together in the past are still, today, the solid foundation on which we have erected an exemplary bilateral partnership characterized in particular, by an open, honest and candid dialogue. It is precisely this dialogue, pursued at all levels of society, which has always allowed us to bridge any temporal divides which may come between us by working, together, past them on the basis of our shared values and enduring interests.

In this spirit, I would like to expose to you my country's perspective regarding the issue presently at hand:

The repatriation measures which concerned, amongst others, a number of American citizens, solely and exclusively targeted proselytism activities which are clearly and categorically forbidden by both the precepts of Islam and Moroccan legislation, equally vouched for by His Majesty the King as Commander of the Faithful and Head of State.

The repatriation measures were not taken against the concerned parties in relation to their Christian faith, but because they had committed criminal offences, as proven by an investigation conducted by the relevant legal authority, namely the Crown Prosecution Office, following formal complaints, namely by parents and close relatives of the children concerned.

These measures should, thus, be construed as logical, legal and legitimate decisions resulting from a thorough investigation which established, on the basis of verifiable and substantial evidence that foreign nationals, under the pretence of conducting charitable actions, had engaged in proselytizing.

Under such circumstances, Moroccan authorities were obligated to fulfill their responsibilities by duly enforcing the Law, in full respect of the rights and dignity of the concerned parties.

Indeed, the choice of an administrative procedure of repatriation—as provided for by national legislation—instead of a legal procedure, was made to spare concerned parties the unavoidable ordeal which would result from a trial, no matter how fair it may be. In addition, were the concerned parties to feel they had been unjustly treated, Moroccan law provides them with the right to petition for nullity of the measures taken against them if these are found to be an abuse of power.

Moroccan Islam, founded upon values of openness, tolerance and moderation, is the fruit of long years of peaceful coexistence between the varied and rich strata of Moroccan society. It constitutes a central pillar upholding Moroccan society which needs to be preserved against any undermining or perversions.

Whenever this serene Islam has been targeted by proselytizing or heretical activities, Moroccan authorities were obliged to act, in all legality, to protect the faith of Moroccan society.

On this basis, it should be noted that repatriation procedures were regularly undertaken, these past years, against some of "our brothers in Islam" both from Shiite or Wahhabi rites. In all these cases, the same type of administrative procedure was followed.

Therefore, taking into account all these considerations, there can be no mistake about the intent and attitude of the Moroccan authorities in this issue. I can assure you that in no way whatsoever are these isolated cases in breach freedom of worship, which is guaranteed by the Moroccan Constitution. Nor can they be perceived as having any political or religious connotations.

The Kingdom of Morocco has always been a land of dialogue and exchange, as well as a crossroads where different civilizations, cultures and religions can meet. His Majesty the King, Commander of the Faithful, warrants the exercise of this freedom across the Moroccan territory as a whole and in an equal manner, for Muslims, Jews and Christians of all persuasions.

While remaining at your disposal should you wish any further explanations, please accept the assurances of my highest regards,

Yours Sincerely,

TAIB FASSI FIHRI,
Le ministre.

REAPPOINTMENT AS MEMBERS TO BOARD OF DIRECTORS OF THE OFFICE OF COMPLIANCE

The SPEAKER pro tempore. Pursuant to section 301 of the Congressional Accountability Act of 1995 (2 U.S.C. 1381), as amended by Public Law 111–114, the Chair announces on behalf of the Speaker and minority leader of the House of Representatives and the majority and minority leaders of the United States Senate their joint reappointment of the following individuals on May 13, 2010, each to a 5-year term on the Board of Directors of the Office of Compliance:

Roberta L. Holzwarth, Illinois;

Barbara L. Camens, Washington, D.C., Chair.

PROGRESSIVE CAUCUS

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

Mr. ELLISON. Mr. Speaker, I am claiming the time on behalf of the Progressive Caucus, which is that body within the Congress itself, that group of people who are dedicated to the ideals that have made America fairer, America more open, America more inclusive, and America more peaceful over the years. The Progressive Caucus, who believes that working people of America deserve fair wages, workers' rights, and things like that; who believe that our country should be at peace with the rest of the world, and who believe in diplomacy and who believe in talking it out and who believe war is rarely a good idea, and when it is, it should be executed with the most amount of care for our soldiers and our veterans, and who believe diplomacy is almost always the right answer.

The Progressive Caucus, who believe immigration reform should be humane and that we should put ideas of family reunification and a path towards citizenship up front. The Progressive Caucus, which believes that during this time of financial fragility and uncertainty that we need a robust, strong reform bill that will hold Wall Street accountable so that the money of the American people is cared for in a safe and proper way. This is the Progressive Caucus, and this is the progressive message where the Progressive Caucus comes to the House floor to talk about issues of and concern to the American people, to explain the position of the Progressive Caucus to the American people and to talk about things that really matter and to make sure, Mr. Speaker, that the American people know that there is a progressive voice in Congress. That voice is the Progressive Caucus, and this is the progressive message.

Mr. Speaker, today the topic for the progressive message is Wall Street reform and jobs. Wall Street reform and jobs. A lot of people think about this Wall Street reform package that is moving its way through Congress and they think, You know what? I know this has a lot to do with me, but I am not exactly sure what. People know it was tax money that was pulled together during September and October of 2008, and that the Troubled Asset Recovery program was pulled together and salvaged some American banks to stop the whole system from going down. The American people know that. It was unpopular, nobody wanted to do it, but people knew it had to do with them and their tax money. The American people also know it had something to do with credit-default swaps and it had something to do with mortgage-backed securities; but the fact is, Mr. Speaker, this stuff is a little confusing and it makes a lot of sense for us to talk about it. But it makes sense to talk about it from the standpoint of jobs and businesses, particularly small businesses, and it makes sense to talk about it from the point of view of the consumer. So we will be talking about that today over the course of the next hour.

But before we do, I want to dive into a few things about jobs, about the state of our economy. The fact is that it is good news that we have seen some positive job news. On May 7, just a few days ago, the Department of Labor reported that 290,000 jobs were created in April. This is a good thing, but I am quite certain if you look around the neighborhoods and the farms and the rural communities and the urban centers and in the suburbs of the United States, there are still a lot of people not working. Positive job growth, yes, because the Democratic Caucus, led by a progressive voice, helped to make that happen. But the fact is that there are still a lot of people out of work.

□ 1430

Much has been done. Much needs to be done because this 290,000 jobs in April is good, but the fact is we need about 300,000 jobs added per month in order to keep up with population. If we do less than that, the unemployment rate will remain high, and that is something that is wrong and we should do something about.

But I do want the American people to know that we've seen 290,000 jobs added in April. Good sign. And then we saw 231,000 created in the private sector, and that's a lot of jobs, and that's good, most of that growth coming from the private sector.

Those 290,000 jobs, new American jobs added in April, larger than expected and the largest gain since March 2006, that goes to show that addressing health care, addressing the stimulus package and the American recovery package are things that really help the American economy and are getting our economy back on the road to health.

But the question is, Mr. Speaker, what does it mean for so many people, still out of work. We still need a jobs bill. We still need to do something about jobs. And we need something to stimulate job growth in our public sector and in our private sector. This is undone work, still needing to be done.

We want to celebrate the good news, but we want to also talk about what else needs to be done. The good news is that this is the fourth consecutive month of job growth with 537,000 jobs added since December. So this is nearly a half a million jobs added, 84 percent of which is in the private sector.

So some friends on the Republican side of the aisle have said, oh, well, yeah, you know, you spend a lot of money in the recovery package and, yeah, you're going to get positive job growth in the public sector. But these jobs, the growth has been in the private sector, which means that the stimulus bill worked, and the American people are benefiting from it right now.

Also, it's true that in March sales of new homes increased about 27 percent, to 411,000 at an annual rate, the strongest since last July, the biggest monthly increase in 47 years. The biggest monthly increase in 47 years.

Home prices in February rose 1.4 percent, posting the first year-to-year gain in more than 3 years.

The unemployment rate, as I mentioned before, unfortunately, increased to about 9.9 percent. It went down to 9.7 and dipped back up to 9.9, about 10 percent. But this is a result of over 805,000 people entering the workforce because people feel that this is a time they might be able to find a job again. These people need to find that job opportunity, and that's why the Congress needs to pass more job legislation.

Over the past 3 months, we've added an average of 187,000 jobs per month, in contrast to 727,000 average jobs lost per month during the last 3 months of the Bush administration. No one should ever forget that in the last month of the Bush administration, January 2009, January 2009, this economy lost 741,000 jobs. And that was about average for the last 3 months of the Bush administration.

Right now, we've seen a 290,000 job increase. The stimulus package worked. The Democratic Caucus is working, and we need more job growth in order to make sure that young people coming out of school in the next few weeks will have a job to do, and those folks who are still among the ranks of the unemployed can get work.

So since the Recovery Act, stocks have gone up across the board, the Dow has gone up over 70 percent, and the S&P 500 is up 80 percent, NASDAQ is up about 100 percent.

Last year, Americans' tax bills were at their lowest points in 60 years, since the Truman administration.

So just going on, Mr. Speaker, talking about the state of our economy, before we get to Wall Street reform, job growth seems to be moving up. We seem to be moving from this state of job loss to now job growth. Still we have 10 percent unemployment, and we've got to do something about it.

During the 111th Congress, this Congress, Democrats have taken a series of steps to make these positive job numbers a reality. I want to talk about those tonight, Mr. Speaker, because it's important that the American people know that, with the progressive vision, often led by the Progressive Caucus, that this Democratic Caucus has been doing the right thing for the American economy. For example, we passed the HIRE Act. This is a bipartisan bill to create 300,000 jobs with tax incentives for businesses that hire unemployed Americans. This is helping people out. And the HIRE Act is helping small business add people on their rolls so that they can work.

The American Workers State and Business Relief Act, this bill offers tax incentives, again, to spur business innovation and tax cuts for families with kids headed to college and disaster relief for States, combined with economy-boosting unemployment benefits and health care for Americans hit by the recession.

We also passed the Small Business and Infrastructure Jobs Act. This bill extends aid to States to provide subsidies to employers, including small businesses who hire unemployed workers that is on track to put over 160,000 Americans back to work. That's good news.

And then of course, last week, we passed the Home Star Bill, which will create much needed jobs in the manufacturing sector by—we passed the Home Star Bill, which gives tax incentives to renovate homes.

But also one bill that's been introduced is an important bill that will create much needed jobs in the manufacturing sector by providing tax rebates to homeowners who install energy-saving products. That's right. So that's the Home Star Bill.

Mr. Speaker, also, the Congress and the President have worked together to enact a whole array of broad tax cuts that working families and middle class families and small business owners can have, which ends the era of Republican tax breaks focused only on the wealthy.

It's important to point out, Mr. Speaker, that Democrats, even progressives, don't object to tax breaks. We just object to tax breaks for the people who don't need a tax break. American people working hard every day can use them, and we've been in favor of them.

All told, Congress has enacted more than 800 billion tax cuts with another 285 billion making their way through Congress in order to help spur innovation and employment for people who actually need it and can use it.

Congressional Republicans threaten to take us back to the failed policies that created the economic crisis. In fact, Mr. Speaker, I'm going to be talking about Wall Street reform, which actually is the kind of reform that we need to correct what the Republicans have created, which is a failed economy, which the Democrats, right now, are trying to pull the American people out of.

Congressional Republicans are trying to take us back to these old policies. They want to side with the special interests, with Wall Street banks, credit card companies, Big Oil, and insurance companies. This is wrong, Mr. Speaker. And we're here to do something about it.

These economic and fiscal policies created by the Bush administration created the Bush recession, the worst financial crisis since the Great Depression of the 1930s, with job losses of nearly 800,000 a month during the Bush administration, and nearly doubled our national debt.

It's amazing when you hear Republicans talking about spending, given all the spending that they did, putting our economy at risk.

Republicans have voted against every single piece of economic legislation, from the Recovery Act to the Wall Street reform, choosing the special interests over the American worker and families and small businesses.

So, Mr. Speaker, the Democrats, the Democrats in Congress will continue to take America in a new direction, working to create American jobs and a new strong foundation for our economy, protecting Main Street and the middle class, and getting results.

I'm going to talk about one of those major reforms in just a moment. But during the last 3 months of the Bush administration, we lost an average of 726,000 jobs, Mr. Speaker. In the last 3 months we've created 186,000 jobs. The current unemployment rate is 9.9 percent. So we're coming back. We're moving up. We've got much more to do, but that then sets the stage, Mr. Speaker, for the Wall Street reform discussion we're going to have tonight.

Mr. Speaker, let me start out with a very simple proposition, a very simple proposition. Wall Street reform is good for Main Street. Very simple proposition. Wall Street reform is good for Main Street. Wall Street reform is good for Main Street because if Wall Street creates a situation where they've got to have massive bank bailouts, that's coming out of the taxpayer, which is represented by Main Street.

We've got to make sure that we pass financial reform legislation that stops the bailouts, that stops the tricky and fine print and the hidden terms and the nonunderstandable and indecipherable contracts for credits cards. Wall Street reform is good for Main Street.

We need to create a situation, Mr. Speaker, where people who want to, if you want to sell a loan or you want to sell a mortgage you've got to keep some skin in the game. You can't just sell that mortgage and now you don't care if it's well underwritten. You don't care if you've made sure somebody's going to pay that loan back, because you sold the paper that's all you need to know. That's something that's got to change. All those things represent Wall Street reform. Wall Street reform is good for Main Street.

Main Street, whether Main Street's in Minneapolis, which is my town, or in Los Angeles or in Peoria, Illinois or in Laverne, Minnesota or any small town across America, or any big town across America, or any suburb or anywhere, Wall Street reform is good for Main Street. It protects our tax dollar. It protects the consumer, and it makes sure that there are fair, clear rules for Wall Street to live by. Not unfair rules, not rules that are bad for Wall Street, but rules which allow good actors on Wall Street to remain good, and allows the unscrupulous actors to get some punishment for what they have done.

But you've got to understand that if we don't have clear rules, clear rules of the road, then some actors on Wall Street will think, you know, by not doing shady things, we're losing out, so we'd better go do them. We don't want that. We want to have clear, fair rules to keep good actors good and to keep bad actors out and accountable when they're not out.

So that's what the main message is for today, Mr. Speaker. Wall Street reform is good for Main Street. Very important.

Mr. Speaker, I just want to talk to you for a moment about what Wall Street reform means. Some people think, well, what does Wall Street reform mean? This is a lot of complex stuff. Are we talking credit default swaps? Are we talking about derivatives? Are we talking about resolution authority? What does all this stuff mean?

Well, you know what? It's not very complicated at all. It's actually pretty simple, Mr. Speaker. Wall Street reform means policing Wall Street, meaning have real regulators up there to actually hold some people accountable, no more Bernie Madoffs, no more folks who made off with the money.

Wall Street reform means ending bank bailouts. Everybody hated the bailout. In my opinion it was a necessary thing to do, but it was one of those kinds of things that we all hated to do. We need to end taxpayer-funded bailouts forever, and that's why we need resolution authority. And I'll talk about what that means.

And we need, also, Mr. Speaker, to stabilize the economy. We need to stop these wild bubbles. This bubble during the first decade of this century created a housing bubble which led to a, what, a bursting of the bubble, and we saw real, real pain: 2.8 million foreclosures last year alone, Mr. Speaker. We cannot revisit that kind of situation again.

And stop gambling with worker pensions. Some folks don't really realize how deeply involved Main Street is in Wall Street. But if you have a 401(k) or a pension or anything like that, Mr. Speaker, your retirement money is on Wall Street. We can't allow it to be gambled by people who are looking for no more than a quick return with very little accountability. That's what it means. Wall Street reform means policing Wall Street, ending bank bailouts, stabilizing the economy and stopping gambling with worker pensions.

Now, Mr. Speaker, I think it's important for people who are out there listening, Mr. Speaker, to understand what it is, who's on the side of the people and who isn't. Who's side are you on is what this bill, this board asks, Mr. Speaker. Who's side are you on?

And the question is, Democrats represent Main Street. And that's why Democrats support jobs bills, as I just talked about, support unemployment insurance. Democrats support curtailing excessive Wall Street bonuses. We'll talk about those in a minute.

Democrats represent creating new consumer protection agencies so that the fine print, the tricky terms, they say 9.9 percent on the credit card until it's not. When is it not? Whenever they say it's not. We've got to stop that kind of thing.

□ 1445

And Democrats support tax cuts for small businesses and worker families, just as I got through talking about, and Democrats support regulating Wall Street and preventing foreclosures. All these things are what the Democrats are all about. All these things help the American people.

Now, what are the Republicans talking about? Because they are complaining a lot, and they always have a lot of criticism for our side. But Republicans, they opposed the jobs bills and the unemployment insurance. You know, Mr. Speaker, I don't believe one of them, not even one of them, voted for the stimulus bill that helped to create that 290,000 job bump that we saw in April. None of them even supported the stimulus bill which has led us back to positive job growth. They were against it, even though they spent money on wars, spent money on Iraq, spent money on giving the richest people tax cuts. They oppose it when we are trying to get average working Americans some jobs and some unemployment insurance.

By the way, it's amazing, but they are against curtailing excessive Wall Street bonuses. They actually have the nerve to say stuff like, well, should we curtail the bonuses of professional athletes? Should we curtail bonuses of this person or that? Look, that's irrelevant. Those guys aren't asking for the American people to bail out their bank. This is about saying if a big Wall Street CEO wants to get a golden parachute after running the company into the ground like Stan O'Neal did Merrill Lynch, then maybe the American people should have something to say about it. If you want a bunch of money from the public trough, you shouldn't be flying around on jets just to come testify, getting excessive bonuses, stuff like that. It's just fair. So this is what we are talking about.

The Republicans opposed creating a new consumer protection agency. Wait a minute. You mean to tell me the American people haven't gone through 2.8 million foreclosures in 2009 alone all based on no doc loans, liar loans, loans where nobody even wants to figure out whether you can pay back the loan, where they just put pressure tactics on you to just sign, sign, sign, sign, sign. You mean to tell me you don't want somebody to watch and make sure that these loans are fair, that the terms of the loan are clear, that people understand what the interest rate is going to really be, that they really understand that the total amount you are going to have to pay for this house over the term of the loan, that you understand what negative amortization is, that this teaser rate is not going to stay at 700 bucks, it's going to jump to 1,100 bucks after the 2-year or 3-year period is over? You mean to tell me you don't want anybody to protect the American people from that kind of stuff? They say no. They say buyer beware, caveat emptor, that is their problem.

Democrats say you know what, if you have a fair product at a fair price that you are willing to disclose, go out there and use the American enterprise system to do it. But don't trick the people, don't sell somebody a horse that can't see and then when the person asks about it you tell them it sees just fine. Don't do that. Be honest. Be a good businessperson. That's what the Democrats are saying. The Republicans are saying buyer beware. They are saying we don't care. Just sell anything you want to whoever you want at whatever cost you want.

They oppose tax cuts for small businesses and working families. The

American Recovery and Reinvestment Act, Mr. Speaker, actually gave tax cuts to about 95 percent of the American people. The American Reinvestment and Recovery Act gave tax cuts to about 95 percent of the American people. How many votes did the Republicans give us to help the American people get some tax cuts as opposed to the rich Wall Street types? None. They didn't want to help on that one. They were busy. They were against it. They were all worried about other things when we were talking about helping the American people out.

So, they oppose regulating Wall Street and preventing foreclosures. They are not in favor of that. Let me tell you, Democrats, Mr. Speaker, were working on antipredatory lending legislation during 2005, during 2006, during 2007, but we were in the minority. During 2008, the Republican caucus blocked it every step of the way. And now that the Democrats are in charge, we are moving full steam ahead to pass bills that will prevent predatory lending and stop foreclosure. And we would like a little help, but so far, Mr. Speaker, we haven't gotten any.

I talked a moment ago, Mr. Speaker, about Wall Street's pay record. And I talked about how the Republican caucus was against bringing in these excessive bailouts and these excessive bonuses for Wall Street CEOs, who by the way get TARP money, the public money. Wall Street's record pay. After receiving trillions in taxpayer-funded bailouts, the top 38 financial firms gave record pay to their employees in 2009. They gave your money, Mr. Speaker. They gave them the taxpayers' money. We are trying to stop that. We are trying to make sure they don't do that. But we are not getting any help from the other side of the aisle.

So they gave record pay to their employees during 2009. During the great recession, Wall Street pay in the billions. 2007, their bonuses were $137 billion. 2008, $123.4 billion. 2009, $145 billion. That's incredible, particularly during a recession. But the Democrats are here to say no more. We will not allow you to do that.

Now, Mr. Speaker, as a result of Democrats working hard to pass jobs bills, to push on this issue of consumer protection, to passing the Credit Card Holders Bill of Rights, what we have seen is this downward trend in the economy during the Bush administration breaking sharply upward during the Obama administration. During the Bush administration, $15 trillion in wealth was destroyed between July 2007 and 2009 as home values plummeted during the foreclosure crisis. This is what happened during the Bush administration.

But when Obama comes in, the numbers start going all the way back up again. The road to recovery. U.S. household net worth going back up. And it's going back up every day. What we have got to do is stay the course and keep on building and strengthening our economy by holding Wall Street accountable, by passing job-promoting legislation, and by letting consumers keep some of their money and given a fair deal.

So Mr. Speaker, let me just talk a little bit about some of these issues about how Wall Street reform is good for working Americans. So I want to go back to my first board. So Wall Street reform is good for Americans.

Mr. Speaker, we are here today to talk about ending decades of failed policies that ultimately caused a near complete collapse of our entire economy. We are here today to talk about what brought us the greatest recession since the Great Depression. Wall Street reform is good for Main Street. The crisis is the product of reckless actions of massive private financial institutions coupled with deregulation and nonregulation and no oversight while the Congress was under the watch of the Republicans and the Bush White House. These policies have come with an enormous cost to the American middle class.

Mr. Speaker, do you realize that $14 trillion of net worth has been lost when we watched home values plummet during the Bush administration? Twenty-two percent in decline in net worth for individuals. Pensions fell. Pensions, Mr. Speaker, fell by $28.4 billion. Pensions, what Americans rely on to care for them during the golden years, the value dropped so that people have to work longer. People who are hoping to retire cannot do so. Last year alone 2.8 million homes lost to foreclosure in 2009. Twelve million Americans relying on payday loans just to get by. Thirty-three billion dollars in bonuses for Wall Street executives.

Mr. Speaker, when we pass financial reform, including the Consumer Financial Products Agency, those 12 million Americans relying on payday loans to get by will have a watchdog watching over them to make sure they are not abused by sharp practices, fine print, and tricky terms and conditions. So when you hear Republicans talking about financial reform and how we shouldn't do it, and they don't want this and they don't want that, just keep in mind those 2.8 million homeowners who lost their home in foreclosure or those 12 million Americans who are relying on payday loans just to get by, relying on credit cards just to get by.

Who is going to make sure those terms are fair, that they disclose those terms, that somebody is watching out for that consumer? It will be the Democratic caucus and the President who passed financial reform. I do hope we get at least one Republican to vote for it, but I am not holding my breath.

You know, it's important to point out, Mr. Speaker, that when you hear Republicans talking about cutting redtape or letting the market sort it out, actually that has very severe implications for the American people. Cutting redtape means getting rid of regulations. It's like calling the police officer on a beat redtape. It's like saying a regulator who makes sure that financial products are fair is redtape. It's not redtape. It's regulation that's necessary to make sure the American people are treated fairly.

Let's talk about what they really mean when they say cutting redtape and letting the market sort it out. It means no accountability and no responsibility for multinational corporations and Wall Street CEOs who gamble with our national well-being. And it means a basic assurance that if they have their way we will be back in bailoutville again. We will be back in this mess again. And that's why we've got to pass financial reform.

Since taking back control of the Congress we have seen the Democratic caucus take real action to help consumers. In December 2009, the House passed the Wall Street Reform and Consumer Protection Act. The Senate is moving its bill forward now. The Senate is currently working on that bill, and it looks like it's going to come up soon. The House bill will protect consumers and investors and small businesses and put our broader financial system on more stable footing. The House bill will place badly needed regulation of things like derivatives, hedge funds, and credit rating agencies.

Mr. Speaker, let me just take a moment to help the American people understand what a derivative is. A derivative is kind of like a hedge. When the value of a particular security goes down, the derivative is supposed to cover that fall in value and make sure that you don't lose all altogether.

A form of derivative is a credit default swap. And basically what that is is that when you have a mortgage-backed security, that means a security that's traded but is backed up by mortgages, that if the value of that security falls down that credit default swap is supposed to pay. Unfortunately, Mr. Speaker, this instrument, this credit default swap, is like insurance, but it's one of those air quote "like insurance." It is not really insurance, but it's like insurance. Because if it was insurance, it would be regulated by a State insurance commissioner who would make sure that that insurance company had the money to cover claims if there would have been a claim.

A regular insurance company says, you know what, if you are going to hold yourself out as an insurance company and you are going to write policies for people, you have to have enough money if there is an auto accident or a tornado or there is a loss of life or whatever we have insurance for. But when it comes to these credit default swaps, there was no such regulator. Nobody made sure that there was enough money to back the loss and pay the claims if those securities went down in value.

And because of that, when the mortgage-backed security market went down because people were not paying on their mortgages because they were in foreclosure, and they began to make claims for those credit default swaps, there wasn't enough money to cover them. And the American people had to bail out AIG so they could pay those creditors. That's what a derivative is.

□ 1500

Derivatives are going to be regulated under the new financial reform. There will be that commissioner. There will be that regulator to make sure that this market works properly and that it doesn't cost catastrophic losses in our economy.

Hedge funds. Hedge funds are large funds generally held by wealthy individuals. They'll be regulated.

Credit rating agencies. These are agencies that issue ratings for bonds like a AAA rating or a AA rating or a BBB rating or other types of ratings that they can give. The fact is that these credit rating agencies, some of them, when they said that this security was AAA, it wasn't. Some of these assets that they said were good were not good. And when they went down in value, the people who relied on the credit rating agency were caught by surprise, and this is why these credit rating agencies are going to have reform. And it's a good thing, Mr. Speaker.

Now, let me just say the other thing that we're going to do in reform is—I mentioned mortgage-backed securities. A lot of people don't—it's like, well, what is that? Well, a mortgage-backed security is a security where—imagine that you have a house and you have a mortgage on that house, and then the bank is going to receive the money that the homeowner is paying on their mortgage. And imagine that the bank says, You know what? This homeowner owes me a stream of income. If you want it, I'll sell it to you. And the person says, Well, I'll buy it. And the person starts buying up a lot of mortgages, and then they take those mortgages and they bundle them up. That's a mortgage-backed security.

And then they take that mortgage-backed security and they bundle those up, and that's called a collateral debt obligation. Imagine a mortgage is an M&M, a bag of M&Ms is a mortgage-backed security, and a box of bags of M&Ms is a collateral debt obligation.

Now, imagine all of a sudden that somebody were to take that box of bags of M&Ms and kind of slice them up and sell them off. What it might look like is something like this. You might have—these things are called tranches. A tranche is nothing but a French word that means slice, and a slice is something that you have if you look at this mortgage-backed security.

This top tranche, mortgage-backed security, is made up of these tranches, each rated a little risker than the next. So this top tranche is a AAA tranche. That's the one that the rating agencies tell us is a AAA tranche, and we rely on them and expect that they are being honest and have done a good job in rating the risk of that top-rated tranche.

But then the next tranche might be one down here. This is a B—AA tranche, and one of the riskier tranches, so maybe down here, maybe you have BBB here.

So these things, you get it in a document. It's usually a document, and you can buy this mortgage-backed security or you can buy a piece of it and you can have an interest in it, and it will entitle you to a stream of income. But how valuable is it? How safe is it? How sound is it? It all depends upon how well the rating agency has rated risks for each tranche.

So if you look at this particular mortgage-backed security, this tranche's performance is referenced by multiple unrelated investment vehicles in 2006 and 2007. So if you have one of these things and you look at it, it will say that this is an index call, the ABX.HE, BBB rating, 0.06–2. Here it is. Then you have Mezzanine Fund, Hudson Mezzanine Fund. That means it has a lower rating for risk.

And you have these down here. Abacus. You have this one. And they're all down here. So these are all down the line and these are all high.

So this is what a mortgage-backed security could well look like as you look at the various tranches that descend in order of risk. The problem with this is that when they were—the risk was not properly assessed and evaluated, and when they began to decline in value, you began to have real trouble in our market. And it's because of a lack of regulation, which is going to be taken care of as Congress moves through financial reform.

Now, what does all of this mean? And we'll return to this in a moment. What does all this mean for working families? Working families might think, you know what? I don't know what a tranche is. I don't know what a credit default swap is. I don't know what a mortgage-backed security is. All that's true. But perhaps the portfolio manager of your pension or your 401(k) knows what it is and, therefore, it affects you directly.

Well, what this means, what it means is that financial reform is going to mean that bank loans, mortgages, and credit cards are going to be fairer, more affordable, more understandable, and more transparent. Financial reform is going to mean that there's going to have to be real disclosure and that the government is going to take some real responsibility to make sure that these credit rating agencies are properly assessing risk, are making sure that the companies that do it are properly assessing risk, are going to make sure that consumers are treated fairly, are going to prevent bailouts, and are going to make sure our economy has a more stable footing.

Financial reform is going to mean that it's going to ensure that consumers get the information that they need in a clear, precise format regarding banks, mortgage services, and credit card companies.

Financial reform is going to prevent the financial industry from offering predatory loans to people who can't afford the repayment and that these loans are going to be properly underwritten so that people don't get in over their head.

Financial reform is going to put in place commonsense regulations to stop abuses by the financial services industry as payday lending and exorbitant overdraft fees. Overdraft fees. That's when you swipe your card, if you're 30 cents over, you may still have to pay $39 for that overdraft fee even if you went out and asked for a debit card so that if you did go over by mistake the charge would be denied. And you might have to solve that problem some other way, but at least you wouldn't be deep into your account and have a negative balance.

Financial reform is protections against reckless Wall Street financial schemes, bad home mortgages for short-term profit, bad credit cards with hidden penalties for the average consumers, and it means protecting workers' life savings, pensions, and stopping Wall Street casinos. It means it guards against massive unemployment rates due to the near total collapse in our economy back in October 2008.

Financial reform also, Mr. Speaker, means putting into ''too big to fail'' financial firms. Too big to fail means too small to save. Too big to fail means reckless behavior by firms that are so large that no matter what they do, they know that we've got to bail them out, because if we don't, it will have real harm to all of us.

And that's what we're talking about. We're talking about doing something to stabilize our economy, defend our economy, protect our economy, and to make sure that the average American is not at risk and their financial future is secure.

So let me just go through some of the highlights of financial reform. Before I do, I just want to talk about some of the root causes again. And to do that, I want to get this mortgage-backed security back up here.

If you want to talk about what happened and, therefore, what we should do to fix it, you have to start at the fact that way back in the 1930s, Mr. Speaker, our economy went through a catastrophic drop known as the Great Depression. And during that time, forward-thinking politicians put things in place to try to help protect our economy, things like Glass-Steagall, which said that if you're a financial firm, you have to do what your core competence is; meaning, if you're a depository bank, you go do that; if you're an investment bank, you focus on that; if you're an insurance company, you focus on that.

And it went along that way very well, Mr. Speaker, right up until the mid-1990s, when Travelers Insurance and Citibank came together—an insurance company and depository bank coming together. They wanted to do it. There was a big court case about it, and a lot of people at the time thought, You know what? That old Glass-Steagall stuff is so yesterday. Let's do something new and innovative and really unleash innovation. That's what they said.

It so happened that Glass-Steagall was not such a bad idea as we look back, but at that time they wanted to pass a bill called Gramm-Leach-Bliley. This is a bill that would basically allow firms to basically go out of their area of core competence, and so you'd have a Citibank purchasing an insurance company or you'd have a depository bank purchasing a brokerage house or an investment bank, and you just had kind of everybody doing everything.

What happened is you had bigger firms. They kind of dabbled in various areas. But as the business reality was changed because they were deregulated, Congress did not see fit to put in the kind of regulation that was required to make sure that the system was still essentially safe and essentially sound.

Reckless schemes began to emerge. We began to see more deregulation. In fact, in 1999, when we passed regulatory reform in the financial world, we also said that things like credit default swaps would not be regulated. They would just be out there on the market, because they figured the people who deal in these things are arm's length and they are sophisticated investors and they know what they're doing and what they do won't harm the rest of us. I guess we were wrong about that.

But what began to happen is that in the mortgage markets, we began to see people being—who wanted to buy a home, going into the mortgage market and they were beginning to be sold things that were called predatory loans. Now, this is what we call them. That's what they are. But what they were called is adjustable rate mortgages, ARMs. They were given ARMs, and sometimes they were given mortgages where they would get—for 2 years they'd pay a low rate, and after 2 years you'd have a balloon payment that would go up. Or after 3 years you'd pay a low payment, and then it would balloon upward.

Now, the mortgage market, the housing market is a market that had consistently gone up, it had kept increasing. So even if that happened, when you got to your balloon payment, perhaps you could go back to a lender and you could simply refinance your mortgage. How many Americans try to do that? Let me tell you. A lot.

But we assumed the housing market would always go up. But what if it flattened out or went down like it did over the course of the last decade?

The fact is that it was in the mid-1990s when Congress passed the law that told the Fed that they could regulate the mortgage market to make sure that when people got into loans that were not good for them, that they could regulate.

Some of these 2/28s and 3/27s I mentioned had terms like ''prepayment penalties.'' If you wanted to pay off the loan early, you couldn't really do it, or if you did, you had to pay an extra penalty.

They had things like yield spread premium, meaning that if you sold—if you were a mortgage broker and were able to channel somebody into a higher-cost loan, then you, as the person who brokered that loan, might be able to get the spread of the difference between the lower-cost loan that they were qualified for and the higher-cost loan that you got them to bite on. So you incentivize people, pushing people to get into loans that were not as good as the ones that they actually qualified for.

Over time, we also had something called securitization, which meant that, as I said before, once that mortgage was inked and somebody bought the house and got the loan, that the paper on that mortgage could be sold and then pulled together into a mortgage-backed security. And we didn't require that the original lender keep any part of the risk of that loan, so they could just sell it off and it wouldn't make any difference to them if that loan was never paid off or no not. So, therefore, their responsibility for underwriting that loan carefully, making sure the person could pay that loan began to go down because they weren't going to keep it on their books anyway.

So what began to happen over time, Mr. Speaker, is that we saw these instruments like mortgage-backed securities I mentioned before, mortgages being sold to somebody who packaged them together and then packaged them in an even bigger box and then set them up in these tiered investment vehicles, with the highest being supposedly the most safe investment, all the way down to the bottom, with the most risky investment being sold and then people buying parts of it; and then these instruments being hedged with things like credit default swaps, which didn't have anything to back them up if people made claims when these instruments lost value.

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What began to happen is that credit began to get cheaper, low interest loans for long periods of time. As money was cheaper, people bought more houses. As people bought more houses, the price of them went up, obviously, and we began to experience a bubble in the housing market. And you began to see, like now, housing prices have dropped quite a bit. The problem is that people who bought at bubble prices now are underwater, meaning the loan on their house is higher than the amount of value that is in the house, which is a problem. Negative equity.

But what began to happen, Mr. Speaker, is that these mortgage-backed securities, as people began to lose jobs, as the economy started to flatten out, as the housing market started to flatten out, people began to not be able to pay, and the people who probably never should have qualified for a loan couldn't pay, and the value of these mortgage-backed securities began to decline.

As that happened, people started to get in really difficult situations, because what began to happen is that in neighborhoods all over America, houses began to get abandoned, people began to be foreclosed on. Either they had a house that they never really could afford but they bought it on a teaser rate, and so when it ballooned they couldn't keep the house; or when people could not afford it when they would lose their jobs, and then the foreclosures began to seriously mount. They began to get really big.

And then, as that began to happen to the housing market, people who wanted to go back and refinance their house didn't have any equity or had negative equity, and then the bank said: We just can't refinance you because there is no value in the home or maybe there is actually negative value in the home. At that point, we got to a crisis, Mr. Speaker.

What happened? The fact is, is that we began to have a real catastrophe. Very little oversight from government, government allowing people just to do—to let the market just go on. As I said before, caveat emptor. And real pain began to happen as the foreclosures mounted, as the failures continued on, as unemployment began to slump, because housing is a huge part of our economy. And if the housing market isn't moving, then a lot of people aren't working, which began to increase the cycle of the bust.

So, Mr. Speaker, what we see now is a real need to do something about the situation that we are in, a real need to take real affirmative action, to take real control over our economy.

So let's talk about what we are going to do to solve this problem. We are going to talk about reforming the financial sector of our economy. We are going to talk about adding greater oversight. We are going to talk about what it is that we need to do to make sure that we don't find ourselves in a very difficult situation yet again.

What we are going to do, Mr. Speaker, is we are going to do something about that predatory lending that I have talked about. We are going to stop predatory, irresponsible mortgage lending. Tough new rules on the riskiest financial practices; rules to stop excess speculation in derivatives and growing use of unregulated credit default swaps.

We are going to require investment advisers to act for the benefit of their client under the law, exercising the highest standard of care. We are going to empower investors with greater say in electing the company board members, some of these companies that urged, urged, urged their employees to sell as many mortgages as they possibly could. Stories like from Countrywide, which was a huge predatory mortgage lender, which ended up having so many of the houses that they lended money for going into foreclosure.

We're going to stop the shadow banking system of small predatory institutions such as payday lenders, check cashers, mortgage loan originators, and many others who have disappeared as quickly as they arrived on the scene, and we are going to start regulating the unregulated.

We are going to stop ''too big to fail,'' Mr. Speaker. We are going to stop ''too big to fail'' by saying we are going to have a fund that these big firms have to pay into based on the riskiness of their activity, so that if one of them goes down, that the people who will pay their creditors will be from that fund, not from the American taxpayer. It is kind of like FDIC insurance. Banks pay into a fund so that if a bank goes down, depositors are covered. And that is the money that goes to make sure depositors are covered.

This, what we call ex-ante, which means before the fall, fund would be paid, and it would make a lot of sense to do this, because the people who are in business who are doing these risky practices are the ones who should pay.

Now some people say we need a fund after a company goes down. If that made sense, Mr. Speaker, that would mean that the one who engaged in the risky behavior would be gone after everybody else had to pick up the pieces. That's not good economics, Mr. Speaker. We oppose that idea. We are talking about the Consumer Financial Products Agency, and the CFPA would have the power to stop unfair, deceptive, and abusive consumer financial products.

We would also have a board called the Financial Services Oversight Council, Mr. Speaker, who could study potential risks to our financial system and identify financial risks before it caused great harm to the economy.

And so, Mr. Speaker, that is the basic heart of financial reform. We need the American people to embrace it. It is good: policing Wall Street, ending bank bailouts, stabilizing the economy, and stopping gambling with pensions.

Now in the last few minutes, Mr. Speaker, I want to talk about a subject that I think every American should know about, and that is the effort by Wall Street leaders to stop reform of Wall Street. There is a lot of money being spent, Mr. Speaker, to stop financial reform, a lot of money being spent to make sure that things like regulating derivatives, regulating of the credit rating agencies, regulating credit card companies, payday lenders, and making sure there is an ex-ante fund to resolve failing firms so that the American people don't have to fork it over. They are spending a lot of money, Mr. Speaker. Wall Street is spending billions to kill reform.

In 2009, the financial industry spent $465 million in lobbying Washington, $1.4 million a day in lobbying Congress, $1.1 million per Member of Congress. Actually, more than that. Actually, more than $1 million. That's a rounding down; $3.9 billion in the last decade, and employed 1,726 Washington lobbyists just to try to persuade Congress Members to not make changes to Wall Street.

Now the American people ought to know what they are up against. But let me just tell you, a well-motivated constituent always trumps a lobbyist. So, Mr. Speaker, it wouldn't be a bad thing at all if people let their Member of Congress know how they felt about the importance of regulating Wall Street.

The top eight banks, Mr. Speaker, spent about $30 million in 2009 just on lobbying. JP Morgan Chase spent $6.2 million lobbying last year, all to try to make sure that whatever comes out of Congress looks good for them.

During the first quarter of 2010, this year, the top 25 banks spent $11 million, which is an increase of 5 percent from the same time last year.

What is going on during the first three months of 2010 that wasn't going on the same time last year? Financial reform, Mr. Speaker. That's why they increased their spending.

I would like to hear Members of the Republican Caucus defend Wall Street's spending to kill financial reform. I hope they do say, Well, it's okay for Wall Street to spend all this money stopping reform, because—I don't know what they're going to say, but I would love to hear it.

During the first quarter of 2010, the top 25 banks spent $11 million total, which is an increase of 5 percent. And the fact is, is that of that $11 million that the top 25 banking firms spent on lobbying, the top six of them, JP Morgan Chase, Wells Fargo, CitiGroup, Bank of America, Goldman Sachs, and Morgan Stanley spent $6.9 million on lobbying in the first quarter of this year. That's a lot of money. That marked a 4 percent increase from late last year, a jump of about one-third from the first 3 months in 2009.

But what is going on now that wasn't going on as intensely then? Wall Street reform. So they're putting more money in and they're trying to slow reform.

With that, Mr. Speaker, I am going to yield back, and just say it has been a pleasure coming to the special order on behalf of the Progressive Caucus.

IMMIGRATION ISSUES

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

Mr. KING of Iowa. Mr. Speaker, I am privileged to be recognized by you to address the House of Representatives in this most deliberative body that we are. I often come here; and in the 30 or so minutes that I spend waiting and anticipating my opportunity to address you, I also can't avoid lending an ear to the gentleman who often presents ahead of me. I sometimes think about what it would be like if I just could walk in here in the last 30 seconds and not feel compelled to rebut the previous 60 minutes.

I am going to just compress this a little bit so I can get on to the subject at hand that I came here to talk about; but, yes, many Republicans, and perhaps every Republican, will oppose this financial bill that has the Barney Frank bill sent to the United States Senate and become the Chris Dodd bill. In fact, I don't know any two people that would probably have less favor in rewriting the financial laws in America than those two individuals.

They have had a long time now to investigate what has happened with the finances in America and what has happened with the downward spiral of our economy, and when this happened. It started before this seminal date, but the seminal date, Mr. Speaker, was September 19, 2008, when then-Secretary of the Treasury Henry Paulson came to this Capitol and asked for the $700 billion in TARP funding. Then-Senator Obama, and now-President Obama, supported all of those moves. President Obama as Senator and later as President supported the takeover of the banks, the insurance companies, Fannie and Freddie, General Motors, Chrysler. And, by the way, the student loan program, not to mention ObamaCare. And now we have the financial world and an effort to take that over. And yes, I will stand and oppose these changes. I will stand and oppose them for a lot of reasons, perhaps that I will have an opportunity to get into a little bit later in this hour, Mr. Speaker.

The Federal Government should not be making arbitrary decisions on which businesses succeed and which ones fail. They should not be in a position to be evaluating. And if there is credible evidence of an entity, a corporate entity, a financial credit entity—credible evidence as to whether they might be in trouble, that would give the Secretary of the Treasury the authority to pull the plug on a company, take it over by the Federal Government, separate it any way he so chose; or, bring regulators in to intimidate them before or after the fact.

This bill, this Chris Dodd bill or Barney Frank bill, gives the Federal Government the authority to take over any business in America that is a credit business that they should choose.

Now, again, I hope to get to this. But at this moment, Mr. Speaker, I would transition this subject over to the subject that I came here to speak about, and that is right now we have Attorney General Holder testifying before the House Judiciary Committee. I came directly here from there, or I will say almost directly here from there, having