

loan for new businesses and small businesses to hire people. So the economy is struggling. I mean, this government has sucked up all the capital that there is to create jobs and to get the economy going.

So one of the things that has troubled me is hearing people complaining about wanting to cut hundreds of billions of dollars—in fact, trying to cut \$1.5 trillion of the President's proposed \$3.65 trillion budget, \$3.7 trillion. We're only supposed to get in about \$2.16 trillion total of all Federal revenue, and this President's proposing a budget that's \$1.65 trillion more than that.

So I keep wondering, since our Democratic friends across the aisle were beating up on us in 2006 for spending too much money, what would be wrong with saying not cut \$100 billion, but cut \$1.65 trillion, and let's get back to where we were in 2006. That was only \$200 billion over what we were receiving. The Democrats were right: Republicans were spending too much money in 2005 and 2006. What would be wrong with going back to that budget? And yet here there's all this rancor over just cutting \$100 billion. And the President's talking \$1.65 trillion more than we received in?

I don't know if my friend from Iowa noticed, but 2 weeks ago when the President came out with his absolutely irresponsible budget that was going to spend \$1.65 trillion more than we brought in—not the \$160 billion more that we got beat up for spending more than, but 10 times that, \$1.65 trillion—I noticed in the paper the next day that the Chinese were selling off some of their U.S. bonds, some of the debt from our country. Well, it immediately came to my mind, if I were China and I were holding our debt, and I saw that the President of the United States, despite making almost daily speeches about how we're getting spending under control—it would be irresponsible, he says, not to get spending under control—and then he reveals his budget and it's spending \$150 billion more than he did last year, I'd start selling off our debt too. I would be thinking these people are so crazy.

I mean, the dollar is the reserve currency of the world. Nations around the world have been advising us as friends, look, you don't realize what you're doing, but people are getting ready to dump the dollar as a reserve currency for one reason—well, two reasons: One, a lot of them are jealous, but number two, we're being irresponsible with our economy and with our spending. And so I couldn't help but vote “no” today on the CR with my friend from Iowa.

I also heard a lady yesterday talking about 30 people had lost their jobs because of ObamaCare and what this administration is doing. I've heard from people who are extremely upset back in Texas who have lost their health care just because ObamaCare has been passed. I've talked to doctors who have said, I'm done, I can't play these games anymore. I have not saved as much

money as I had hoped before I retire, but I'm done. And they're giving up the medical practice. I talked to a doctor just this morning who said the very same thing.

It just keeps bringing back: If you care about people, if you care about them having jobs, if you care about their self-respect that comes when they have a meaningful job, earn their own keep instead of having the government luring them into indentured servitude status where they are servants of the government and just running around wherever they can find a government that will hand them a check and demanding checks, America deserves better.

There are people that have given that last full measure of devotion to make sure that freedom existed around here, not freedom to go begging the government for a check, not freedom to go begging the government for health care, to pass some law that we're going to take someone's money that they earned, they don't want to give up, and force them to spend on people who don't want to work. We owe them better than we've been doing.

And so when we hear our friends talking about how we shouldn't even have to go through this process, I couldn't agree more. If they had done their job, if they had cut spending instead of putting the dollar in jeopardy, putting our economy in jeopardy, then they're right, we shouldn't have to be going through this. But we have got to defund ObamaCare before too many more people lose their health care and end up having rationed care. I heard about more doctors today who are no longer taking Medicare or Medicaid. We owe all of the people across this country better than what they've gotten in the last 6 years, and what they've sure been getting the last 2 years.

These are dire circumstances, and we just can't keep this going. I mean, we are really in serious trouble. And I know my friend knows that or he wouldn't be spending his time here when he could be doing so many other things. But I appreciate my friend from Iowa more than he could possibly know. I appreciate his courageous stands, and I look forward—I can't really say that. I don't look forward to the battles ahead, but I look forward to having a friend as we go through them.

□ 1900

Mr. KING of Iowa. Reclaiming my time, I thank the gentleman from Texas. He sparked some things in my mind that in about the 6 minutes we may have, a little bit of dialogue with regard to that.

One point that I wanted to make about what's going on with the strategy on ObamaCare is that I've spoken significantly about how this House has voted to repeal it, this House has voted to shut off the funding to it at every single opportunity.

And if there's a strategy out there that says we're going to do death to

ObamaCare by a thousand cuts, I'd ask those folks that are concerned about a real showdown with the President on ObamaCare to think about what really happened not so much in the 1995 shutdown, which I said earlier I don't think is applicable under these circumstances. There's a better issue to understand.

And that is in 1998 when the impeachment of President Clinton was brought up, when America found out about what was going on in the Oval Office and in the room next to the Oval Office in too stark of detail for the children of America to be so rushed in to the birds and the bees discussion in the way that they were, Madam Speaker.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. KING of Iowa. Madam Speaker, I apologize. I didn't hear your gavel earlier.

So even though it's abrupt, I am happy to yield back the balance of my time.

WHAT CAUSED THE FAILING ECONOMY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 5, 2011, the gentlewoman from California (Ms. SPEIER) is recognized for 30 minutes.

Ms. SPEIER. Thank you, Madam Speaker, and I appreciate the opportunity this evening to talk about something that we're not talking much about right now. We talk about the loss of jobs, the unemployment. But what really caused it?

You know, a few weeks ago the Financial Crisis Inquiry Commission actually submitted its report to Congress. The good news is that it's on the best seller list. The bad news is that I am fearful that it's going to be gathering dust in the Chamber here and throughout this building because in this document it speaks volumes about why we are sitting where we are today; why our economy has tanked; why there are 15 million people unemployed in this country; and why there are 4 million people who now have been foreclosed on, and another 4 million who are underwater relative to their mortgages.

So this evening I am joined by the distinguished member from the Financial Services Committee, my good friend from the State of North Carolina, who is a powerful voice on consumer protection and the financial crisis that we've endured. And we're going to spend the next half hour just talking about it.

Well, first and foremost, what was this commission? This commission was a bipartisan, independent 10-member committee composed of private citizens with experience in economics, finance, housing, market regulation. They held 19 public hearings in affected communities across this country including Washington, New York, Miami, Sacramento, Las Vegas, and Bakersfield; 115 witnesses appeared before the

commission in sworn public hearings, including leading figures in the crisis.

In addition, the commission interviewed over 300 people, virtually all of the key players in the financial collapse, including Angelo Mozilo of Countrywide, Richard Fuld of Lehman, and Joe Cassano of AIG Financial Products Division, and examined thousands of documents—all of which are posted on the Web. A totally transparent process.

And the single most important statement they made was this crisis could have been avoided.

Now, they gave just a few examples. The Securities and Exchange Commission could have required more capital and halted risky practices at the big investment banks, but they did not. The Federal Reserve Bank of New York and other regulators could have clamped down on CitiGroup's excesses in the run-up to the crisis. They did not. Policymakers and regulators could have stopped the runaway mortgage securitization train. And they did not.

So this document has line and verse of what went wrong. But one of the most telling parts deals with the mortgage fraud, and I would like to just put this up.

How many executives have been held accountable for their actions in this financial crisis?

As you can see, two have been criminally charged. There have been zero convictions, zero sent to prison.

Well, what happened when the savings and loan crisis occurred in this country decades ago?

The results there were much different: 1,188 were criminally charged, 915 were convicted, and 582 went to prison. Convictions included more than 260 thrift CEOs and senior executives including, of course, the famous Mr. Keating.

So it is very important for us tonight and through the next year or two to not only study this document but to put it to paper. By "put it to paper," I mean legislate around it.

Now the Dodd bill is an incredible effort in that regard. The Dodd-Frank effort was one that we were successful in moving through; but as this report points out, there were powers that many of these regulators already had but chose not to use.

Now, the second poster talks about mortgage fraud; and the compelling information in the report that I think is important to point out is that, again, there were people that were looking at the problem and saying, Wait a minute, we need to do something about this. One in particular was the Deputy Director of the FBI who began to look at this issue and thought something is wrong here.

According to the FBI, 80 percent of the cases of fraud involves insiders. So if there was fraud being exercised in the mortgage industry, it was coming from the inside. FBI Assistant Director Chris Swecker began noticing a rise in mortgage fraud back in 1999 and in 2002 led a successful criminal prosecution

against the owner of Beneficial Mortgage in your State, my dear friend from North Carolina, for selling fraudulent loans to Fannie Mae.

First Beneficial repurchased the fraudulent loans from Fannie but then proceeded to resell them to Ginnie Mae without any interference from Fannie. Fannie later paid \$7.5 million in restitution to the government for allowing the sale.

Assistant Director Swecker told a congressional committee in 2004 that if fraudulent mortgage practices became unrestrained and systematic, it would ultimately place financial institutions at risk and have adverse effects on the stock market. Boy, was he prescient or what?

So here is an interesting chart that shows how we've seen an increase in fraud reports at financial institutions.

Now, these are really undervalued. They're probably five times higher because many institutions do not actually report like they should. But what is even more disturbing is that while the number of mortgage frauds have increased, the number of actual prosecutions have slowed down. So as we are trying to kind of somehow come to some understanding of why this all happened and how do we make sure it doesn't happen again, if we don't have enforcement tools, if we don't have those who have the enforcement tools seeking to go after the mortgage fraud, then in all likelihood it will continue to happen.

So I know that my good friend from North Carolina is interested in weighing in on this issue. I think that as we discuss this issue, it's important to know, one, that there are enforcement tools, but they have to be used.

I yield to my good friend.

Mr. MILLER of North Carolina. Thank you, and thank you for organizing this Special Order tonight to talk about an issue that we should not turn our attention from because we need to remember how we got here if we're going to figure out how to get out and how to make sure we don't get here again. This has been the worst economy since the Great Depression, and we need to make sure that the mistakes that got us here are mistakes we avoid in the future.

Our colleagues across the aisle have said the great issue in American politics now is between those who want big government and those who want small government.

□ 1910

The real issue is which side government is on; and for too long, government has not been on the side of working and middle class families who are trying to make an honest living, who are trying to support themselves, support their families, do the right thing, do something useful with their lives. Government has been on the side of people who were trying to make a killing by getting themselves into a position where they can take advantage of

the economy, where they can extract money, they can loot the economy, is what economists called rent-seeking, doing nothing particularly useful, but just taking a piece of other people's productive work.

There has been a lot of gloating in the last little bit about how successful the financial rescue has been, and by many measures it has been. The banks have not actually collapsed; the financial system didn't collapse. We did not have a Great Depression, as painful as this has been, but the financial collapse and the rescue profoundly offended Americans' sense of justice, and it offended my sense of justice.

What led to the financial collapse was not some perfect storm of unforeseeable macroeconomic forces and this weird combination of events that no one could possibly have seen. It really was the result, as the FCIC report concluded, it was not just preventable; it was the result of blame-worthy conduct that we should never have allowed to happen.

I first got involved in this issue, not knowing it would result eventually in a financial crisis, through working on the issue of mortgages, knowing that the mortgages were terrible for consumers, for homeowners. And the way that they had been portrayed, as a good-faith effort by the financial system to try to make home ownership available to people who could not otherwise afford it, was completely different from what was really going on with subprime mortgages.

There was an explosive growth of subprime mortgages. They grew from 8 percent of all mortgages in 2003 to 28 percent in 2006. That is enormous growth in just 3 short years. And they certainly were not about helping people buy homes who otherwise could not have afforded home ownership.

In fact, every study that has looked at it has concluded the great majority of people who got subprime loans qualified for prime loans. They got cheated. They got steered into loans that obviously were not in their interest. They weren't about helping people into home ownership.

In fact, subprime was almost entirely a creature of refinances. Seventy percent, even during that 2003 to 2006 period, 70 percent were refinances. People already owned their homes, but they needed to borrow money. Some of them lived beyond their means, there is no doubt about it. Some of them were using the equity in their home as an ATM machine. But the fact is for the last generation the means of middle class families have not been enough. Americans, as the economy has grown, as the Nation has prospered, that prosperity has not been widely shared as it has been in the past.

And so when Americans got into trouble, when they needed to borrow money from somewhere, when someone in the family got sick, when someone lost their job, when they went through a divorce, when they needed to borrow

money, the only way they could borrow money was to borrow it against their home, to refinance their home. Seventy percent of subprime loans were refinances. And again, the great majority, The Wall Street Journal estimated 55 percent, most of the other estimates have been more than that, were people who qualified for prime mortgages.

Ninety percent were not fixed rate, 30-year mortgages. They had a quick reset after just 2 or 3 years. So they were 2/28s or 3/27s. Most people who got those loans did not even know that. They did not know that the initial mortgage payment that they had to make, monthly payment, was going to be subject to a very quick increase. And the increase after just a couple of years was generally 30 to 50 percent a month. To get out of the mortgage, the great, great majority had to pay a prepayment penalty, usually like 3 percent of the outstanding balance of the mortgage.

Now, those were not mortgages that were designed to help middle class families. Those were mortgages designed to take the equity in their home, to strip them of the equity of their home as house prices were going up. There was never any thought that they really would be able to pay off those mortgages over the course of 30 years and then invite their friends and family over to have a ceremony where they would burn their mortgages, as earlier generations of Americans had done. They were mortgages that had the effect of trapping people in debt and taking from them the equity in their home and making sure that that ended up in the pockets of the financial sector, not in the pockets of the middle class families.

Other practices in that last decade that should never have happened, overdraft fees. Now, overdraft fees serve a useful purpose. In another generation, we used the criminal laws to prosecute people who wrote bad checks. There are a lot of perfectly honest folks who got themselves in just a little bit of trouble, or didn't balance their checkbooks, who ended up with prosecutions for writing bad checks. But overdraft fees became a source of profit for banks. A typical overdraft fee would be 40 bucks. The biggest banks actually developed what was called "fee harvesting software."

If you had an overdraft agreement, and you had one unless you specifically asked not to have one, and you went to an ATM machine and you asked for your balance, it wouldn't actually tell how much you had in your account. It would say "funds available." That meant how much your balance was plus what they would allow in overdraft fees.

And they would run the bills through in a way that would maximize your overdraft fees. So if you were like a lot of people and you got to the end of the month and there was more month than there was paycheck, and you went to the ATM, and you had a hundred bucks

in your account, and you went to the ATM machine and you took out 20, and then you took out another 20, and then you made a \$20 purchase, and then another \$20 purchase with your debit card, and then maybe a \$15 purchase, and then you wrote a \$100 check or a \$105 check, the banks would put the \$105 check through first, putting you over your limit, charging you a \$40 overdraft fee on that and the 20, the 20, the 20, the 20, and the 15. Now, that's just crooked. And that was legal.

Ms. SPEIER, my colleague from California, has pointed out the lack of prosecutions. But perhaps the greatest scandal of this financial crisis is what was legal; not that illegality was blinked at, but what was legal in all of this.

We have now passed legislation that should reform much of this, but we have to stick to it to make sure that those reforms are enforced, they are given meaning, and that the regulators do not fall into that tendency to be controlled by the people they are supposed to be looking after. They are supposed to be the cop on the block, and they have to exercise independent judgment on behalf of the American people.

We need to make sure these reforms work because we cannot allow what happened in the last decade. It truly offended Americans' sense of justice, that the people who caused it have come out unscathed. Not only have they not been criminally prosecuted, but they are now back to making the same kind of bonuses they made before. And the people who have suffered, suffered the most, are the working and middle class families who got trapped in those mortgages, or who lost their jobs, or even people who had good mortgages have now seen the value of their homes collapse. And with the loss of the value of their home, one in four people with mortgages now are underwater, owe more on their home than their home is worth.

With that, they have seen the loss of their life savings. That is the life savings for most middle class families, the equity in their home. So of course people have a knot in their stomach. They have a knot in their stomach about whether they're going to keep their jobs. They have a knot in their stomach over what they really own in the world when they have seen the value of their home collapse in the way that it has.

So I thank the gentlelady from California for organizing this Special Order so that we can call attention again to the kind of misconduct, the kind of corrupt, rent-seeking looting of the economy that we have seen in the last decade that got us to where we are.

Ms. SPEIER. I thank the gentleman. Reclaiming my time, you know, you had said earlier that our friends on the other side of the aisle were bemoaning the big government; and yet if any of the records that have been established by this commission are really studied, without the kind of government to do

the kind of investigation and enforcement, then we are setting ourselves up for another financial crisis.

□ 1920

Mr. MILLER of North Carolina. I am reminded of one of my favorite quotes from Will Rogers, who is responsible for many of my favorite quotes, that in the New Deal, even after the financial collapse, even after the stock market collapse and the revelation of all of the conduct that had led to that stock market collapse, the securities industry fought tooth and nail. Wall Street fought tooth and nail the regulation of the securities markets, the stock markets.

Will Rogers said, "The boys on Wall Street don't want a cop on their block." Well, they still don't. They still do not want someone standing between them and the kinds of profits that they made in the last decade.

Ms. SPEIER. You know, you are absolutely right, and so is Will Rogers. I think that it's important for us to communicate to the American people that while we don't want bloated government, we want to make sure that there is a government that has the cop on the street.

Look at the savings and loan crisis and those who were criminally charged and those who were convicted and those who went to prison. The FBI deputy director at the time, John Pistole, testified before Congress and said that there were a thousand people working on the S&L crisis at its height within the FBI, a thousand people.

That compares to about 240 agents working on the mortgage fraud cases last year. So, you see, no numbers in terms of convictions, and you can see that if you don't have cops on the beat, then you are going to have people that are going to take advantage, that are not going to follow the rules, and that, frankly, will not be charged nor convicted for their crimes.

I am reminded, too, that during much of this review by the commission they talked about the action that some regulators did take in 2005 where they weren't willing to actually take action against the banks, but they did issue what they called was a nonbinding guidance. The guidance was to recommend the banks consider a borrower's ability to make the loan payment when the rate adjusted.

What a lightbulb going off. I mean, why wouldn't that be naturally part of the process when you were going to assess whether someone could carry the loan, to see whether or not they could carry the loan after the rate adjusted? But as you pointed out, they were all interested in the yield spread. They were all interested in churning. They were all interested in securitizing these loans and making more and more money. So it wasn't about making sure people could actually pay for the loans moving forward.

I see we have been joined by another colleague. Welcome. I yield to the gentleman from New Jersey.

Mr. PASCRELL. I didn't come to speak on this issue tonight but another issue, but I can't help but look at the graphic message that's right there in front of everybody, in front of the country, about the financial, Great Recession, depression—who was charged and how many were convicted. This is a very, very, very sad omen.

If we go back into the nineties and into the first decade of this century, very, very specific, as we understood what was going to come, you need to have a Justice Department that's willing to stand up and fight the very people who many times fund our campaigns.

Now, if you can't say it, then you shouldn't be here.

AIG is a perfect example. They became the poster child of everything that was going wrong in our financial institutions. But AIG, in 2003 and 2005—rather, 2003 and 2005, got what are called deferred prosecutions. Deferred prosecutions to me are the very center, the very apex of what is corrupt about those moneylenders in the temple.

Now, what is AIG all about? They made and packaged many of these financial deals that we read about it for so many years. And people look at this and they read about it. They may not know all the specific definitions about every one of these packages, these financial products, as they were called, but they do understand that nobody ever pays for anything, and nobody ever is held accountable.

So how can people, the average person who is struggling, particularly now, see it's all right when things are going well, the AIGs become simply a fault, a sand pebble on the beach of our brains.

But the fact of the matter is, when things get tough, then you will wonder where this money is going. Because money doesn't disappear into the ocean, it doesn't disappear into the atmosphere, into the sky. It goes somewhere and it winds up in someone's pocket. It's simple one-on-one mathematics, beyond the course.

When you look at deferred prosecutions and how many corporations got deferred prosecutions, where the government said, where the Justice Department said, look, if you straighten out and fly right, and we will have a Federal monitor there to make sure that you don't do the financial practices that you did before, then we will let you go. No one will be prosecuted, and no one will be taken to task, and no one will go to trial, and no one will, therefore, ever be convicted. My friend, it did not work with AIG, and it hasn't worked with any of the large corporations.

You know what? I don't blame one party for this. We were part of the situation as well, and until we stand and tell the truth about our own implications in this thing, this is never going to be changed.

People want to be confident in their government and their Justice Depart-

ment, to get to those people who made money on the backs of the working men and women of this country.

Ms. SPEIER. The gentleman from North Carolina.

Mr. MILLER of North Carolina. Thank you very much. I think we all struggle with what phrase to use to describe the people that have been hurt by this. I think we use the words, the phrase working and middle class families, sometimes we say ordinary people. Sometimes we say regular people. But the phrase that keeps coming to me is people who are trying to make an honest living.

And I think my model for that was my own parents. I am a child of the middle class. My father worked for the post office. He managed, at the end of his life, he worked for the post office almost all of his life, almost all of his working life. He died in 1965. At the end of his life, when I was 12, he was a manager of a neighborhood branch of the post office.

After that I saw my mother support me on her own as a widow, when I was 12 forward. I remember my law school graduation, my mother trembling. I thought that she was overcome with pride since my generation was the first in our family to go to college. She later admitted to my sister that she had actually, after my father died, prayed that if her youngest, me, could just get through school. He could take her at any time. So she was expecting to be struck down at any moment and was trying to negotiate a new deal with God.

I am deeply offended by the suggestion that my parents, both of whom were public employees, my father worked for the post office, my mother was a bookkeeper for the local school system, were not making a contribution to society, that they were taking, that they were takers and not givers. I saw how hard they worked to do right by me and to do right by the people who were paying their salaries.

I am deeply offended by the arguments that public employees are people who are taking from our society and not giving back. The idea that they are takers, and the people who came up with this stuff, are the ones doing something useful to society, that they are the ones who are making a valuable contribution, offends me deeply.

Ms. SPEIER. It offends me as well.

As we conclude this half hour, I just want to say to our colleagues that this commission report must not gather dust. This commission report has got to be read by everyone, particularly our colleagues on the other side, and that we have got to take it to heart.

One of the points they make in this report was that \$2.7 billion was spent by the financial services industry over 10 years to lobby all of us, and another \$1 billion was given out in contributions to Members of Congress.

□ 1930

So, it's no surprise that the enforcement hasn't been as strong as it should

be. Thank you for sharing this half hour with me, and let's hope that we can continue to shed light on this issue.

GUN VIOLENCE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 5, 2011, the gentlewoman from New York (Mrs. MCCARTHY) is recognized for 30 minutes.

GENERAL LEAVE

Mrs. MCCARTHY of New York. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the subject of my Special Order.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mrs. MCCARTHY of New York. I want to talk tonight a little bit about, number one, why I even came to Congress and why I'm up here tonight talking about gun violence. I just want to give you a little history. On December 7, 1993, a deranged man named Colin Ferguson got on the Long Island Railroad train and changed my life and that of many others forever. As the train pulled into Merillon Avenue in Garden City, he took out a handgun and opened fire on those passengers in the train. He killed six people, including my husband. He injured 19, including my son, who was shot in the head at close range. Thankfully, my son did survive. And while it has been a difficult struggle for him, he has a rich life now with a wife and two children. I consider them my miracles. And I'm very grateful that he did survive.

What I did after that incident was become an advocate for reducing gun violence in this country, to see if I could help others not have to go through the same pain that my family and the other families of the Long Island Railroad massacre went through. As often happens when you become an advocate for a cause, any cause, that led me to work with elected officials and the government to try to change policies that I thought were hurting the American people.

And also as often happens when I discovered that there was only so much you could do outside the government, I ran for office myself. I was never a very political person, but I believed so strongly in this cause that people saw and gave me the chance to be their Congresswoman. The Members of this body embraced me also. That was in 1996. Even though I work hard on other issues like the economy and education, I'm still fighting that this struggle to reduce gun violence is the same battle I had back in 1993 and on.

So let's go fast forward now. From 1993 to January 8 of 2011, on that fateful day in Arizona, six lives were stolen from us, and 13 of our fellow Americans were injured, including one of our own,