

McClintock	Platts	Slaughter
McCollum	Poe (TX)	Smith (NE)
McCotter	Pollis (CO)	Smith (NJ)
McDermott	Pomeroy	Smith (TX)
McGovern	Posey	Smith (WA)
McHenry	Price (GA)	Snyder
McHugh	Price (NC)	Souder
McIntyre	Putnam	Space
McKeon	Radanovich	Speier
McMahon	Rahall	Spratt
McMorris	Rangel	Stark
Rodgers	Rehberg	Stearns
McNerney	Reichert	Stupak
Meek (FL)	Reyes	Sullivan
Meeks (NY)	Richardson	Sutton
Melancon	Rodriguez	Tanner
Mica	Roe (TN)	Tauscher
Michaud	Rogers (AL)	Taylor
Miller (FL)	Rogers (KY)	Teague
Miller (MI)	Rogers (MI)	Terry
Miller (NC)	Rohrabacher	Thompson (CA)
Miller, George	Rooney	Thompson (PA)
Minnick	Ros-Lehtinen	Thornberry
Mitchell	Roskam	Tiahrt
Mollohan	Ross	Tiberi
Moore (KS)	Rothman (NJ)	Tierney
Moore (WI)	Roybal-Allard	Titus
Moran (KS)	Royce	Tonko
Murphy (CT)	Ruppersberger	Towns
Murphy, Patrick	Rush	Tsongas
Murphy, Tim	Ryan (OH)	Turner
Murtha	Ryan (WI)	Upton
Myrick	Salazar	Van Hollen
Nadler (NY)	Sánchez, Linda	Velázquez
Napolitano	T.	Visclosky
Neal (MA)	Sarbanes	Walden
Neugebauer	Scalise	Walz
Nunes	Schakowsky	Wamp
Nye	Schiff	Wasserman
Oberstar	Schock	Schultz
Obey	Schrader	Waters
Olson	Schwartz	Watson
Olver	Scott (GA)	Watt
Ortiz	Scott (VA)	Waxman
Pastor (AZ)	Sensenbrenner	Weiner
Paul	Serrano	Welch
Paulsen	Sessions	Wexler
Payne	Sestak	Whitfield
Pelosi	Shadegg	Wilson (OH)
Pence	Shea-Porter	Wilson (SC)
Perlmutter	Sherman	Wittman
Perriello	Shimkus	Wolf
Peters	Shuler	Woolsey
Peterson	Shuster	Wu
Petri	Simpson	Yarmuth
Pingree (ME)	Sires	Young (AK)
Pitts	Skelton	Young (FL)

NOT VOTING—15

Barton (TX)	Levin	Sanchez, Loretta
Clarke	Miller, Gary	Schauer
Green, Gene	Moran (VA)	Schmidt
Kilpatrick (MI)	Pallone	Thompson (MS)
LaTourette	Pascrell	Westmoreland

□ 1437

So (two-thirds being in the affirmative) the rules were suspended and the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FRANK of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days, on H.R. 1664, to revise and extend their remarks and insert into the RECORD extraneous material thereon.

The SPEAKER pro tempore (Mr. HIMES). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PAY FOR PERFORMANCE ACT

The SPEAKER pro tempore. Pursuant to House Resolution 306 and rule

XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 1664.

□ 1438

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 1664) to amend the executive compensation provisions of the Emergency Economic Stabilization Act of 2008 to prohibit unreasonable and excessive compensation and compensation not based on performance standards, with Mr. JACKSON of Illinois in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time. The gentleman from Massachusetts (Mr. FRANK) and the gentleman from Georgia (Mr. PRICE) each will control 30 minutes.

The Chair recognizes the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, I want to begin by recognizing the two Members who are the main authors of this bill, and I will begin with 2 minutes for the gentleman from Florida (Mr. GRAYSON).

Mr. GRAYSON. Mr. Chairman, we offer H.R. 1664, the Pay for Performance Act. The Pay for Performance Act is based on two simple concepts: 1, no one has the right to get rich off taxpayer money, and 2, no one should get rich off abject failure.

The U.S. Government spent \$170 billion to stabilize AIG, and it now owns 80 percent of that company. Yet recently AIG paid more than \$165 million in bonuses to 73 employees with this taxpayer money. We should not be paying an arsonist to put out his own fire, and we should not be paying an executive to ruin his own bank.

Mr. Chairman, an economy in which a bank executive can line his own pockets by destroying his company with risky bets is an economy that will spiral downward to failure. And a government that hands out money to such executives is a government that fails to protect its own taxpayers.

H.R. 1664 is designed to allow responsible compensation to those who work for companies running on taxpayer money. The bill freezes current bonus payments for executives and employees of companies that have accepted capital investments from the TARP program until that investment capital is paid back to the government. It allows for new compensation and bonus arrangements to be made, as long as they are based on performance standards and are not excessive or unreasonable. These standards must be crafted by the Treasury Secretary within 30 days and approved by the Federal Financial Institutions Examination Council.

Our job is to act on behalf of taxpayers to fix our economy, and we do so today with this bill. The restrictions in this bill apply only to financial in-

stitutions that have taken capital investments from the taxpayer, and they are commonsense restrictions. Pay cannot be excessive or unreasonable, and bonuses must be based on performance standards. If the banks want to avoid, for some reason, these commonsense restrictions, there's a very simple way for them to do so. Just pay the bailout money back to the government, and that's what the banks say they want to do. I know that taxpayers in my district will happily take it back.

The CHAIR. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. I yield the gentleman an additional 30 seconds.

Mr. GRAYSON. I asked the CEO of AIG when he came to testify before the Financial Services Committee, is it more important to protect bank executives who have lost billions of dollars and still get millions of dollars worth of pay, or to protect us? The answer to that question is now before this body, and I know which side I'm on.

Mr. PRICE of Georgia. Mr. Chairman, I am pleased to yield 1 minute to my friend from Texas (Mr. CULBERSON).

Mr. CULBERSON. Mr. Chairman, the bill before the House is simply political cover for liberals who rushed their \$800 billion stimulus bill through the House, ensuring these AIG bonuses would be paid. You know, Mr. Chairman, if the Members had more than 12 hours to read this 1,100 page, \$800 billion stimulus bill, we might have been able to spot problems like this before Members were forced to vote. And in fact, Mr. Chairman, one of the Members who voted for this stimulus bill is the sponsor of the legislation before us, Mr. GRAYSON. I'd like to ask the gentleman from Florida if he would yield for a question. I will yield my time, Mr. GRAYSON. I'd like to yield to you, please, sir, for a question please, sir. Mr. GRAYSON, thank you very much. Because I would like to ask the gentleman from Florida—I thank you, Mr. GRAYSON. If I could, before I yield, very quickly, if I could, sir, would you please answer yes or no if you read the 1,100-page stimulus bill before the vote.

The CHAIR. The time of the gentleman has expired.

Mr. PRICE of Georgia. I yield the gentleman an additional minute.

Mr. CULBERSON. Did you read the bill before the vote?

□ 1445

Mr. CULBERSON. There is your answer, Mr. Chairman.

It is, I think, a terrible injustice to the taxpayers of America that the liberal leadership of this House is jamming through \$800 billion spending bills with very few committee hearings, with less than 12-hours' notice, without the opportunity for Members to read the bill, with a majority that promised to be the most transparent, accountable and honest majority in Congress in history, underneath a President who promised that he would not sign a bill

that was not laid out for at least 5 legislative days. The Member from Florida walks away from the microphone, the author of the amendment before us, who cannot even tell us if he read the bill.

American taxpayers deserve better in a time of economic crisis. When we are guardians of the Treasury, our responsibility is as trustees—to protect our children and grandchildren from financial ruin. In 60 days, Mr. Chairman, this liberal majority has spent over \$1.3 trillion, money our kids cannot afford.

The CHAIR. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. Regular order.

The CHAIR. Members should address the Chair even when engaged in a colloquy.

Mr. FRANK of Massachusetts. Mr. Chairman, I will yield myself as much time as I may consume.

This is really extraordinary. What you have just heard is a denunciation of something that was done by the Congress a few weeks ago and a refusal to undo it. I have never seen people, Mr. Chairman, so attached to something they hate. This is presumably a psychological disorder which I am not equipped to diagnose.

The objection of the gentleman from Texas was that, when the recovery bill was passed, it was passed too quickly. We signed it that night. It included a provision that should not have been in there. This bill takes it out. It takes it out in a way that makes sure it will have had no effect, because it dealt with something in the past, and it is undone by this.

Speaking about being undone, my Republican colleagues were being undone by the loss of their whipping boy.

Mr. CULBERSON. Mr. Chairman, will you yield?

Mr. FRANK of Massachusetts. I will yield.

Mr. CULBERSON. Mr. Chairman, truly, all we ask is for transparency. All we ask is for time for the taxpayers and for the people of America to read the bill.

Mr. FRANK of Massachusetts. I will take back my time.

The bill under consideration is 5½ pages. I believe even the gentleman from Texas could have read it by now, and if the gentleman from Texas has not been able to read this 5½-page bill, I will talk long. Even if you read slow, you'll get it done.

The point is that this bill undoes what he is complaining about. Note the refusal to address the subject. The complaint was that the amendment in the recovery package said that bonuses in the past given by AIG or by anybody else would not be covered by the restrictions in that bill. This undoes it. This takes it away. My colleagues on the other side are kind of like kids who have had a toy bear or a blanket, and this security blanket means a lot to them. Their security blanket is being able to complain about something that

happened before the break. This bill undoes what happened before the break and makes it a nullity. They at some point, Mr. Chairman, have to outgrow the security blanket.

Now, of course, here is the real problem. They do not want to vote for a bill that restricts excessive pay and unreasonable bonuses. The gentleman from Texas has now had a chance to read the bill and has a question for me about this bill.

Mr. CULBERSON. Will the gentleman yield?

Mr. FRANK of Massachusetts. Yes.

Mr. CULBERSON. Mr. Chairman, truly, in all sincerity, I would ask only if you as chairman would promise us that you would lay these bills out for 72 hours before the vote so that the American people could read the bill. My objection is to the 1,100-page \$800 billion stimulus which was laid out for 12 hours.

Mr. FRANK of Massachusetts. I will take back my time to say that this is the bill that came out of the Financial Services Committee, and this was not out for 72 hours. It was out for much more than 72 hours. We, in fact, marked up the bill, with amendments, in an open markup last Wednesday. We voted on it on Thursday.

Mr. CULBERSON. Thank you.

Mr. FRANK of Massachusetts. No. I'm sorry. The gentleman wants to debate a bill that was passed in February. He can have all of the Special Orders he wants in order to beat that dead horse, because it is a dead horse, Mr. Chairman. This bill that he does not want to debate the merits of, that he is probably prepared to vote against and is looking for some reason to, undoes what was done back then for the recipients of TARP funds. So that is the issue. This bill was marked up in committee. It was fully debated in committee.

Mr. CULBERSON. This bill—

Mr. FRANK of Massachusetts. I'm sorry. The gentleman has twice asked me to yield for questions.

The CHAIR. The gentleman from Massachusetts controls the time.

Mr. FRANK of Massachusetts. I have twice yielded to the gentleman for questions, which I must say, in all parliamentary decorum, to me, did not seem to substantially add to the quality of the debate, because we are on this bill that he does not want to talk about. This bill was out. It was debated. It has been laid forth. We have amendments that will be considered to be adopted that were also made public for some time. Here is the point:

This bill addresses what Members on the other side complained about. Apparently, they regret that fact. They would rather complain than have us undo the source of their complaints, so that is why they are dealing so unhappily with this legislation.

Now let me get back to the merits of this bill. It says, if you have received capital contributions under the TARP, like AIG—AIG, by the way, was origi-

nally, of course, given money under the Bush administration, by the Bush-appointed head of the Federal Reserve and with the approval of the Bush-appointed Secretary of the Treasury. It later got TARP funds.

From the Senate, from the Senator of Connecticut, we then saw restrictions. He deserves credit for adding restrictions when no one else had pushed for them. He did not get all of the restrictions that he should have gotten, which was because of other people objecting. There was a requirement that the restrictions not be retroactive. Members complained about that. This bill fixes it. Let me emphasize again: This bill undoes the exemption of retroactive bonuses from the darned language. I don't understand why people are opposed.

Mr. CULBERSON. Would the gentleman yield?

Mr. FRANK of Massachusetts. No. Let me explain this to the gentleman from Texas. I yielded to him twice. I am not going to continue to let the gentleman from Texas evade the issue by not debating this bill. He has his own time. I am not going to waste the limited time we have to explain this bill with this kind of continued lament for the passage of a complaint.

What the bill says—and what I want to stress—is that it is only for people who get capital funds under the TARP. This does not interfere with small business lending. It does not interfere with people participating in the impaired asset program, and I can guarantee that it will not be so extended.

It says, if you get a capital contribution under the TARP bill, as long as you have that contribution, you cannot make payments that are excessive and unreasonable. You can give bonuses if they are performance-based, and it repeals what the Republicans have been complaining about.

Mr. Chairman, in closing, let me say I condole them on their loss. Their attachment to what they hated is truly impressive, but they are going to have to live with the fact that we are going to undo that and that they are now going to have to talk about what this bill does.

I reserve the balance of my time.

Mr. PRICE of Georgia. Mr. Chairman, I yield 1 minute to the gentlewoman from North Carolina (Ms. FOXX).

Ms. FOXX. Mr. Chairman, I do want to talk about this bill, but it is very difficult to talk about this bill without also talking about the bill that it is going to undo. What I would like to point out—and I am sorry I did not think of this sooner—is that this bill really is redundant, and if it is not political theater, then I don't understand why we have to have the words “executive or employee” in this bill. I assume that every executive is also an employee. If this bill is not written as political theater, then we would simply say “any employee” because an executive is an employee.

So I would like to ask the gentleman from Massachusetts if he would ask the

Rules Committee to take a friendly amendment to take out the word “executive” because it is redundant.

I would also like to point out that, this morning, when I spoke about the sponsor of the bill and about his ambition to get this bill passed, I neglected to say that I have heard that he has told people he wants to be the first freshman to pass a bill. That is very ambitious, but I think he has found a good piece of political theater.

The CHAIR. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. Regular order.

The CHAIR. The gentleman from Massachusetts controls the time.

Mr. FRANK of Massachusetts. I thank you, Mr. Chairman.

I now recognize for 2 minutes—

Ms. FOXX. Mr. Chairman, would the gentleman yield?

The CHAIR. The gentleman from Massachusetts controls the time.

Ms. FOXX. I was hoping he would ask—

Mr. FRANK of Massachusetts. Regular order, Mr. Chairman.

The CHAIR. The gentleman from Massachusetts controls the time.

Mr. FRANK of Massachusetts. Mr. Chairman, I am going to yield myself 30 seconds to say:

Apparently, there are two alternative strategies that the minority has in discussing this bill: one, discuss a bill that was passed 6 weeks ago; two, ignore the rules of the House and just talk whenever they feel like it. Neither one seems, to me, to advance debate.

I now yield 2 minutes for serious conversation to the gentleman from Connecticut (Mr. HIMES).

Mr. HIMES. Mr. Chairman, I rise today in support of H.R. 1664. This is a commonsense measure to protect American taxpayers by making sure that their hard-earned dollars are used carefully and wisely in our efforts to stabilize our financial institutions. Let us be very clear about one thing: No one is happy that the TARP was necessary. We have far better uses for our money than stabilizing the very institutions that helped drive this economy into a ditch, but into a ditch it went, and we need to pull it out.

President Bush, Secretary Paulson and this very House decided in October of last year that we would pump billions of dollars into these firms. Now, like it or not, the dollars are there. So the only question that matters is: Should we look after those dollars? Should we, as the Representatives of the American people, look after their dollars to make sure that they are used wisely? The answer to that question must be “yes.”

H.R. 1664 says one thing to TARP recipients: Pay your people, but do so reasonably and according to their performance. Pay reasonably and according to performance. The bill asks the Secretary of the Treasury to develop guidelines for those things. It does not ask the 435 Members of Congress but, rather, Treasury.

I expect that compensation committees and boards of directors around this country will be very interested in those guidelines because they know that it is their job to craft reasonable, performance-based compensation for their companies and for their shareholders. They have a fiduciary obligation to their shareholders. Like it or not, the American people are now shareholders, and we, as their Representatives have a clear fiduciary obligation to the American taxpayer. We have a clear interest in aligning the interests of the employees in the banks we now own with the interests of the American taxpayers. You do that through performance-based compensation. You do that by supporting this bill that aligns pay with performance.

Mr. PRICE of Georgia. Mr. Chairman, I yield 1 minute to the gentlewoman from North Carolina (Ms. FOXX).

Ms. FOXX. Mr. Chairman, Mr. HIMES is leaving, and I wanted to ask him a question, but I noticed that the majority party is getting their Members off the floor as quickly as they possibly can today so that we do not have a chance to ask them any questions.

I believe that Mr. HIMES voted for the stimulus bill, and what I wanted to ask him was whether or not he had read the bill before he had voted for it, but as I said, I think they are doing a very good job of getting their Members off the floor so they can't be put on the record in any way.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentlewoman from Nevada (Ms. BERKLEY).

Ms. BERKLEY. Mr. Chairman, I rise to engage Chairman FRANK in a colloquy.

First, I want to state on the record that I have, in fact, read this bill, and this colloquy is regarding this bill.

During the past few months, legitimate business travel for meetings, events and incentive programs has dramatically decreased across the country, especially in my district of Las Vegas. The decline is due, in part, to the state of our economy but also to the perception that Washington is seeking to limit these legitimate business practices. This negative perception has created an environment where every business in the United States is beginning to question whether or not they should hold a meeting, an event or incentive travel programs.

As you know, Mr. Chairman, every canceled meeting or event means less business for the hotels, conference centers, restaurants, and small companies across the country that cater to business travelers. Hardworking, middle-class Americans like those in my district—and I have 10½ percent unemployment, not the CEOs—are the people who ultimately pay the price if companies continue to cancel business meetings and incentive travel.

I would like to clarify with the chairman that nothing in this bill or in the amendments to be offered today would discourage or limit the use of meet-

ings, events and incentive travel organized by a company to serve legitimate business purposes. Is that the chairman's understanding?

I yield to the chairman.

Mr. FRANK of Massachusetts. Yes.

This bill deals only with compensation, not with travel. The gentlewoman referred to incentive travel. Any incentives that were performance-based would be fully allowed. If by selling a certain number of things you earned a trip, that would be allowed. So it specifically does not deal with travel for the business. It would allow performance-based incentives for this or for any other purpose.

□ 1500

Ms. BERKLEY. I thank the gentleman for clarifying the legislation and the language.

Mr. PRICE of Georgia. Mr. Chairman, I am pleased to yield 5 minutes to the deputy ranking member of the Financial Services Committee, the gentleman from Texas (Mr. NEUGEBAUER).

Mr. NEUGEBAUER. Mr. Chairman, I guess we could call this a Big Government week because we're going to roll out a big budget, it has big deficits, increases our national deficit to a larger number, going to bring out big tax increases.

But you know, a lot of discussion has been had about all of the things that the Federal Government's involving themselves in. And the word “outrage” keeps coming up. And many of us were outraged about the level of the bonuses that we found out were being paid at AIG. I think what—more than an outrage about bonuses I think the American people are outraged at the level of money that's being invested of their hard-earned taxpayer money into these entities. We find out that now the American people are investors in banks, insurance companies, probably soon to be in the automobile business; and in fact, you're going to get an extended warranty from the United States Government. And what people are wondering and are outraged about is, when does this Big Government, Big Brother, when is the end of this train?

One of the concerns that I have is that we now have—people were outraged about GSEs, and now we have TSEs, and that's taxpayer-supported entities. And people that used to get outraged in this body because we were trying to listen in on foreign enemies, worried about their individual rights—and now we have no problem, though, for the United States Government to start determining what is reasonable compensation in this country.

Am I outraged about the bonuses? I am more outraged that we would relegate to government and to government employees for them to sit down and determine whether that is a reasonable compensation. People say. Well, this is only foreign entities that we've invested capital into. But, you know, that's always the way policy gets started in this country. It starts

off with a little bit of a foot in the door and pretty soon, the gorilla is completely in the room.

So down the road, if I am a small businessman and I have an SBA loan, for example, I am wondering if at some point in time the SBA calls up and says, You know what? You're taking too big a salary out of your company so we're going to set a reasonable set salary for you. What does that do to entrepreneurialism in this country? What about people that are participating in other government programs? Is the government then going to start saying, Well, we've looked and we know that you have got a contract. So you're one of the small business contractors that has a government contract. And, you know, we've looked at your IRS records and you're making a lot of money off of that contract. We think maybe we ought to renegotiate that contract because you're making too much money.

Now, that sounds farfetched, but I would guarantee you if we were to roll back this conversation a year ago and you would tell the American people that they are going to own banks, they are going to own insurance companies, that they are going to own automobile companies, that they are going to have over \$5 or \$6 trillion of their money committed to these entities, people would have laughed about it. But this is really no laughing matter, Mr. Chairman. This is serious.

This government, this country was founded on the principles of individualism, empowerment and not for government to be big. In fact, there are tea parties occurring all across this country because people are outraged about this. The same outrage that over 230, 240 years ago people were outraged at how the King was treating the colonists in this land called America. And they were tired of the King telling them what they could do, how much money they could make, and who was privileged and who was not privileged. And yet we're now starting down that same trail with this bill today.

What should have happened here is that we should have taken a reasonable amount of time to determine how this money was going to be distributed, term sheets should have been put together if we're going to invest American taxpayers' money, we ought to know exactly what that money is going to be used for, how it's going to be used. If we want to limit salaries, you do that before you pass out the money.

But that is all really a smokescreen. What the conversation and debate in all of this time that we ought to be using today is we ought to be talking about how are we going to get the American taxpayers' money back. People want to focus on the bonuses, and they messed up, they cut a deal with the White House in the middle of the night, had people put things in the bill to cover them so that they didn't have to lose face. You know, the \$170 million in bonuses is a big deal, but let me tell

you what a big deal is \$170 billion in money that we invested in AIG.

Mr. Chairman, let's return America back to the American people. Let's not infringe upon their rights, let's not start down the road where government starts telling us how much money we can make, what we will do with our money. And I urge the people to vote against this bill.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

This is really an interesting debate we're having within the Republican Party.

The first speakers were critical of the bill which passed in the recovery bill because it limited Senator DODD's restrictions on compensation and said they wouldn't apply retroactively. As I said, it was Senator DODD who initiated the notion of further restrictions. And many of the Republicans were upset that it didn't go far enough.

But now we have the deputy leader of the Republican side objecting that we're going too far, directly contrary to the complaints that we didn't apply these retroactively, he's upset that we applied them at all. And he says it's an interference with free enterprise.

Let's stress again. And I do know, he did say this is a revolt against King George in effect. And it is. King George Bush. Because we are dealing here with a program initiated under the Bush administration. We are dealing here when we talk about AIG with a grant of funds that came without any congressional input with the approval of the Bush administration.

We did, some of us, raise the compensation issue last fall. Yes, we did. We said that if you're going to take government money, you accept some compensation restrictions. The gentleman from Texas—and I do note that he's left the floor. I think the gentleman from Texas is entitled to leave the floor. I don't think having made a speech you have to sit here and listen to some of the other speeches. I have to because I am the manager of the bill. I wish I didn't have to listen to some of these speeches, particularly the repetitive ones about the bill 6 weeks ago. But since commenting on people leaving the floor is in vogue, I thought I would become fashionable at least in this regard.

But here's the point. We say if you receive TARP funds capital infusion, you accept some restrictions. That is no more an interference with free enterprise than any other contracting rule the Federal Government has. And as to the gentleman from Texas's suggestion, he said, Oh, but this isn't the problem. The problem is where it will go.

Now, Mr. Chairman, I have observed that when people are opposed to something but don't have confidence in the persuasive quality of the arguments on the particular issue, they migrate to what would happen if it was applied in a wholly different context. It will not

be applied in a wholly different context.

I speak for myself and the majority leader, Mr. HOYER. This bill is confined to people who take a capital infusion under the TARP. It will not be extended to any other participant in the impaired asset program, in the small business lending program, in the higher education lending program. I would not, as chairman, convene a meeting for such a bill. The majority leader would not bring one to the floor. Again, there is zero chance of that happening.

But when Members complain about something that might happen that won't happen, it is because they are against what is happening but don't have the confidence that if they said it, people would believe it.

Let's go back to what this bill does. It undoes the restriction on retroactivity that had been a cause of such outrage among the Republicans, and I repeat again. They appear to have become so attached to their outrage that they are even more outraged that they won't be able to be outraged any more.

Secondly, we say that if you receive a capital infusion under the TARP program and only a capital infusion, you may not make salary payments that are excessive or unreasonable and you can give bonuses as long as they are performance-based, such as in restricted stock or in other ways.

I await Members on the other side—because a number of them have spoken, but not one of them has objected to the bill on its merits. The gentleman from Texas said, Well, if you took this principle and went further, it would be a problem. The other Members said, Isn't it too bad we did something 6 weeks ago that we're now undoing? I have yet to hear an argument against this bill.

I reserve the balance of my time.

Mr. PRICE of Georgia. Mr. Chairman, I am pleased to yield to the gentleman from Alabama (Mr. BACHUS) such time as he may consume.

Mr. BACHUS. Mr. Chairman, every day brings news of a new government program, a new government intervention, a new government mandate, or a new government tax. Most of them share the same thing: they are large.

This bill claims to be about executive compensation. But what it really is is just another step expanding the size, the involvement—and more importantly—the control of the Federal Government into not only the private sector but into all aspects of our lives.

That's our concern. Yes, it's about this bill. But, yes, Mr. Chairman, it is about much more than this bill. You're right about that.

Sometimes the expansion is subtle, as in the case of this bill. Sometimes it's more direct, more obvious, like the budget that we will vote on as soon as tomorrow. We are witnessing in light speed in just the past few months—and then the budget will pass in the next few years as it goes into effect—a relentless and massive expansion of the

Federal Government. And I, for one, Mr. Chairman, am concerned. Outraged? I would say “fear” and “concern” are better. But I do believe that as the years go by and we look back on what we’ve done and what we will do in this next year, I believe the American people will be outraged.

As a Member, I took an oath to uphold the principles of the Constitution which intentionally and specifically limited the power of the central government. Would our forefathers have ever considered giving the government a say on how much a private citizen earned, the so-called say-on-pay? In reading both the Constitution and the Federalist Papers, it clearly appears they would not.

I think most Americans believe our Founding Fathers had it right. I applaud the chairman’s honesty. For years, he has advocated a government role in limiting the amount of salaries.

Later tonight, we will consider a budget. As we have said repeatedly—and we are going to say again today—it spends too much, it taxes too much, and it borrows too much. It expands the government control on a scale that we’ve not seen before, not even in the New Deal. It spends more money in this administration than was spent from the time of George Washington to George Bush. The majority criticized Bush for the deficits, and now they will double and triple them in the next 10 years under their proposal.

The scope and reach of this legislation is breathtaking. If you had told me a month ago—and I will recognize the chairman. I will yield to him in a minute when I get to the particulars on this bill.

If you had told me a month ago that Congress wanted to increase the tax burden on charitable contributions, I would have said it’s an April Fool’s joke. But the fact is that if donations to charities go down, the government will say it has to step in. But there will be a big difference. The government will be choosing what it wants to support and how. It can support groups like ACORN instead of my local church or local charity. Instead of allowing people to support their own causes and make their own choices about their charitable contributions, the government will expand into what will obviously and clearly be a restriction on private charities as their funds are restricted.

□ 1515

Unfortunately, it wasn’t an April Fool’s Day joke, and that’s what is being proposed this very week, restricting private contribution, and there’s a pattern developing here.

Just this week, we saw a government mandate to change the management of General Motors. Regardless of what you think about the performance of the CEO—and I don’t think it was good. I, for one, do not defend his stewardship. But do we want the Federal Government making such far-ranging deci-

sions on hiring and firing and setting salaries and job descriptions for everyone from the manager to the receptionist?

This is all about government control, government command and control, running an economy, not according to free enterprise principles, which many of my Democratic colleagues admittedly and honestly don’t agree with. It is about making business decisions based not on competitiveness but based on social goals.

Does anyone really believe that a government that is about to add \$10 trillion to our debt, to our children and our grandchildren, has any expertise at all in telling the private sector how to turn a profit?

During the campaign, President Obama said, “So if somebody wants to build a coal-powered plant, they can. It’s just that it will bankrupt them because they’re going to be charged such a huge sum for all the greenhouse gas that’s being emitted.”

Later today, we will take a step down that road with cap-and-trade. We’re going to raise every American’s utility bill if that utility is fired by coal.

We hear the government will require the automobile makers to produce green cars. No one argues with the idea of cleaner-burning cars, but maybe someone should ask consumers whether they can afford to spend several thousand dollars more to buy them or whether such a policy will end the need for taxpayer support. I think not. I think it will make General Motors less profitable, and the taxpayer investment will certainly be at risk.

This is the problem with government getting involved in the management of business. Decisions will be based on the government’s political agenda and not sound economics. There will be no limits to how far this can go and will go.

Will the government start telling companies we’d like to review your advertising to see if you’re sending the right message or spending too much? Will the government tell drug companies, who market similar products, we think there’s too much competition, maybe you should combine products or merge to make prices cheaper? Now, you don’t have to do that, but if you do business with the government, you do. Some believe less competition leads to lower prices. I don’t think this is the case at all.

Now, the legislation before us today, it gives the Treasury Secretary and a board, all unelected, headed by a Harvard professor, wide discretion to formulate performance-based compensation standards for hundreds of banks across America. Who does the legislation apply to? Let me read the legislation: Compensation payment to any executive or employee under any existing compensation arrangement.

Any executive or employee? Line 23 on page 2, Mr. Chairman. Every employee. There is nothing in this legislation to prevent the Secretary from deciding that one measure of perform-

ance is where the loan officers are approving loans to favored constituencies that the administration may believe are entitled to a loan or to credit. That was precisely the type of government allocation of capital and decisions that helped lead us into the housing bubble and the collapse of Freddie and Fannie, at a cost of hundreds of billions of taxpayer money.

In 1999, I introduced into the RECORD on this House floor the article from the New York Times, not a friend of the minority, which said, first, the government directed that you would make home loans to people with poor credit, and then it went further and said not only with poor credit but without a down payment. Part of the reason we’re here today is because the government did that. There’s no question that we need more performance-based pay decisions, but the government deciding and judging the performance of employees and private companies? The Secretary of the Treasury deciding whether an employee is performing? I think not.

The answer is not a dramatic expansion of government control. That hasn’t worked in any country. It didn’t work in Russia. It didn’t work in China. It’s not working in North Korea, and it’s not working in Cuba.

The American economy has always attracted entrepreneurs and business investment because it has been free of the political risk present in developing and socialist countries. We have attracted investment and have maintained a strong currency because of the belief in foreign investors, whom we depend on and must have to support not only this economy but the spending that is proposed. In fact, more than half the borrowing going forward for this new budget will have to be borrowed from citizens in just three foreign countries. Without those assumptions, the budget doesn’t work. Without the assumptions, there’s more deficits. Without those assumptions, without that foreign investment, we default on our obligation.

As I say, we have attracted investment and a belief that we in America are productive, specifically because of the belief that our government does not take arbitrary and punitive actions to negatively affect business operations. It doesn’t break contracts, it doesn’t confiscate property, and it doesn’t set salaries.

Let me close by saying I honestly fear, Mr. Chairman, that this bill and the overall thrust of what we are hearing from this administration is tilting that delicate balance. The implications for our competitiveness as a country, our economy, and the prosperity of our citizens and their freedoms are disturbing.

In the end, America has succeeded by putting its faith not in government but in the people. That’s what the Constitution is all about, and I, for one, will always trust the people and always distrust the government. I make no

apology for that. The solution is not this bill. What we need is a strategy to get the government out of the bailout business, out of the taxpayer bailout business, with no further intrusions into what should have been and needs to be and will need to be in the future, private decisions.

Mr. Chairman, you and I can come to an agreement, and that agreement can be no further government bailout. That is the only way to avoid more government interference, more government control, and ultimately, the loss of not only our freedom but our prosperity. I appreciate the honest differences here, but I accept fully your statement that we on this side are outraged. We're fearful, we're concerned, and we become more so every day.

Mr. FRANK of Massachusetts. How much time remains on each side?

The CHAIR. The gentleman from Massachusetts has 14 minutes remaining. The gentleman from Georgia has 6½ minutes remaining.

Mr. FRANK of Massachusetts. I yield myself such time as I may consume.

I heard the gentleman from Alabama say that we should not get into this business of fixing compensation. Someone claiming to be the gentleman from Alabama last year voted for legislation which included the following. It was the rescue plan. The gentleman voted for it when it passed.

On page 12 of that bill, there's a heading, section 111, "Executive Compensation and Corporate Governance." The gentleman from Alabama voted for this. So did the rest of the Republican leadership. They did it at the request of President Bush and of Secretary Paulson and of Chairman Bernanke, not heretofore known for their socialism. But the gentleman from Alabama voted for exactly what he now decries.

It is a grant of authority to the Secretary of the Treasury to require—I'm now quoting. He shall require that the financial institution meet appropriate standards for executive compensation and corporate governance. It goes beyond much of this bill, corporate governance. The standard shall be effective for the duration of the period that the Secretary holds an equity or debt position in the financial institution. So the gentleman voted for this when the Republicans were in power. Circumstances apparently change opinions.

In fact, there's also this great inconsistency. For a month now, the Republicans have been complaining that in the recovery bill we adopted a provision as the Congress which limited the reach of the government's intervention into compensation. That was the part about retroactivity. This undoes that limitation. So, in the name of limiting government, the gentleman denounces the bill that would undue the limitation that his party has been denouncing. There is a fundamental gap that can only be explained, it seems to me, by something other than the merits.

Given what the gentleman from Alabama said—we've got to get the gov-

ernment out of this—why was he then opposed, if he was, to the language that limited its retroactive application? In fact, if you believe that one of the big arguments is that we changed the rules after the fact, he should have been for that limitation.

The arguments about free enterprise and not understanding the principles are just nonsense, Mr. Chairman. We're not debating free enterprise. We're debating how best to make it work.

I think Franklin Roosevelt helped save free enterprise. I think rules help save free enterprise. I think when Secretary Paulson in the Bush administration called for more regulation of credit default swaps and collateralized debt obligations, we'll probably be getting an announcement that they will be opposed to that, because that's what we are going to be going forward trying to do.

Yes, the government does have a role in this, but to return to this bill, which the gentleman only briefly discussed, it does do what the gentleman voted for last fall, and by the way, the argument that the government was responsible—the gentleman said in 1999 this started. I was not going to refer to the history, but from 1995 through 2006, Members of the Republican Party controlled this Chamber, and they controlled it tightly. If, in 1999, the gentleman from Alabama, as a member of the Republican majority on the Financial Services Committee thought there was a problem, they should have done something about it.

The gentleman from Alabama was, for a time later on, the chairman of the Financial Institutions Subcommittee, which had jurisdiction over lending standards. Some of us wanted to pass a bill to limit abuse of subprime lending. Yes, that happened, Mr. Chairman, in the House. It happened in 2007, after we became the majority, and let me say now I think we still have the potential for the bad loans to be made.

When this House returns after the April break, we will have in committee arguments on the floor legislation that will stop precisely the kind of loans that the gentleman from Alabama decried, and I await with interest what the votes will be.

I reserve the balance of my time.

Mr. PRICE of Georgia. Mr. Chairman, we have no more speakers on this side, so until the chairman is ready to close, I will reserve.

Mr. FRANK of Massachusetts. I yield 4 minutes to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. This bill does three things. First, it requires the issuance of regulations defining excessive and unreasonable compensation and applies them only to those who are holding our capital. As the Chairman pointed out, similar legislation is already law and was voted in favor of by the Republican leadership.

□ 1530

The bill we passed in October of last year specifically required the Treasury

to issue appropriate standards for executive compensation—not for every company in America, but for those that are holding our money. Clearly, this new language will provide additional impetus for Treasury to issue appropriate regulations.

There are other things the bill does. First, it deals with excessive bonuses and the provision that Senator DODD is now famous for having added to the recovery legislation.

As I think every Member of this House knows, Senator DODD had a provision that he added—and he was prevailed upon to cause his provision not to apply to preexisting contracts.

Since then, those on the other side of the aisle have done two things that strike me as inconsistent. They have denounced Senator DODD's amendment and the philosophy behind it, and they have denounced the fact that it doesn't apply retroactively to preexisting contracts. This is like announcing that you detest the taste of broccoli and complaining that you didn't get a double helping. It makes no sense except for those who simply want to find something to denounce.

This bill eliminates the exception that Senator DODD has been so viciously criticized for by the other party. If you vote against this bill, then you are embracing the very exception that many of you have been vilifying.

Third, this bill has a disclosure provision that I authored. It says that companies that are holding our TARP money must disclose how many of their employees are getting a total compensation package of over \$5 million; how many have a total compensation package of over \$3 million; how many over \$1 million. Why? Because if the American people are putting up the money, they have a right to know.

Now the self-styled "defenders of capitalism" say that we've got to protect these companies from the influence of the taxpayer. How is capitalism actually supposed to work? Those who provide the capital and take the risk are supposed to have some control. That's real capitalism. The taxpayers are taking the risk with these companies. We hope to get our money back. As soon as we do, the companies can operate as they will.

Instead, we're told that we need a kind of cancerous capitalism—a system that works like this: Socialism for the risks, capitalism for the rewards.

I don't think Adam Smith would have voted for the TARP bill. The gentleman from Alabama did. I voted against it. But I do think that economist Adam Smith—not our colleague from Washington—would vote "yes" on this bill because those who provide the capital should control—or have at least some control—of the enterprise. And that includes some control over compensation.

To say instead that firms should take our money but not listen to our ideas on how it should be used, that isn't

capitalism. That is socialism for the rich.

Mr. FRANK of Massachusetts. How much time do I have remaining, Mr. Chairman?

The CHAIR. The gentleman from Massachusetts has 6½ minutes remaining. The gentleman from Georgia has 6½ minutes remaining.

Mr. FRANK of Massachusetts. I will be the closing speaker so the gentleman may proceed.

The CHAIR. The Chair recognizes the gentleman from Georgia.

Mr. PRICE of Georgia. Thank you, Mr. Chairman.

It's been an interesting discussion, there's no doubt about it. We've talked about executive compensation, we've talked about a problem that arose—a specific problem that arose when Senator DODD put that language in the bill in the middle of the night—in the spending bill.

The interesting thing about it, Mr. Chairman, is that the bill to remove that language is 11 lines long. It's just 11 lines long. It's not 6 pages long.

So if we were to do what some in this body on the other side say—the only thing we're here to do, which is to remove that language—it would be H.R. 1673 from Mr. LUNGREN. That's the bill that would remove the 11 lines that make it so that that backroom deal for AIG executives would be stricken.

So I think it's important that we appreciate what's going on. I appreciate the comments from the gentleman from California, who did indeed, I think appropriately, describe what was in the bill. It's important that our colleagues look at this bill. It's not too long. Six pages. We can indeed read it. I hope some of my colleagues will read it.

The title of the bill: To amend executive compensation and to prohibit unreasonable and excessive compensation and compensation not based on performance standards.

When you read the bill and get to who's going to define all that, which is really the question, Mr. Chairman—who's going to define that. Usually, we think that in a market economy, in the United States economy, in the economy that has allowed more success and more opportunity for more individuals than any nation in the history of mankind, that the way that we define compensation and performance in the market is in the private market, not in the government.

So on page 3 it says that no payment would be able to provide for compensation that is unreasonable or excessive as defined in standards established by the Secretary. The Secretary of the Treasury is going to tell us what is unreasonable and what is quality performance.

Well, the Secretary of the Treasury, let's look at his biography, Mr. Chairman. Oh, my goodness. He's the ninth president and chief executive officer of the Federal Reserve Bank of New York, which began when he began his service

there in 2003. It's a wonderful job. But what experience does he have in setting compensation? In fact, what experience does the government have in setting compensation?

He first joined the Department of the Treasury in 1988. Let me think a moment, Mr. Chairman. That means 21 years of service for the Department of the Treasury or in the Federal Government. Well, that's wonderful, and he's to be commended for it, but what experience does he have and why would the Nation want him to be deciding what compensation and performance standards are for this Nation?

Maybe it was in his education. He went to Dartmouth College, bachelor's degree in government and Asian studies in 1983. Wonderful institution. Great study. Master's in international economics and East Asian studies in 1985.

Mr. Chairman, not to slight the Secretary of the Treasury, but the American people do not believe that the Secretary of the Treasury ought to be setting compensation limits for anybody.

Why? Why does all this feel so strange? It's because we're in a political economy. We're no longer in the market economy that the American people know and love and embrace.

What does a political economy look like? Well, the gentleman from California described it. He said, Because of the disclosure provisions, the American people, who are putting up the money, have a right to know. Well, sure they have a right to know. But that's not what a market economy is.

He says that the people have a right to know and set the limits because this is capitalism. No. Capitalism was bastardized a year or more ago when we started down this road that, Mr. Chairman, I opposed every step of the way. Because we pointed out then this is where we'd get. We would get to be debating on the floor of this House what kind of compensation members in the private sector ought to have.

Well, Mr. Chairman, that's a dangerous place to be. It's a dangerous place to be because it leads Presidents to thinking that they can remove CEOs from private companies. That's where it leads to. It leads Members of Congress to believe that they can call on the Treasury Department to get money out of previous bills that have been passed in Congress even though the institution in their district doesn't qualify under the rules that have been provided.

Mr. Chairman, it's a dangerous place to be. And it violates the Constitution. I know it's a quaint document, Mr. Chairman. We don't think about it much anymore. But article I, section 9 says, "No bill of attainder or ex post facto law shall be passed." Mr. Chairman, this bill is each. It is each.

Mr. Chairman, this is a bad step. It's a bad and a dangerous step for this Congress. It adds to the dangerous and reckless—and reckless—policies of this administration that the American peo-

ple recognize as not being consistent with American fundamental principles—the market principles that have made this Nation the greatest Nation in the history of mankind.

Mr. Chairman, I urge my colleagues to recognize this bill for what it is, and that is a bill that this Congress ought not adopt.

I yield back the balance of my time.

Mr. FRANK of Massachusetts. I yield myself the remaining time, first to say that this dangerous step was of course taken—if you think it's a dangerous step—last fall, when, with the support of the Republican leader and the Republican whip and the ranking Republican on the committee, Congress passed a bill which had a section on executive compensation and corporate governance.

This one called on the Secretary to set appropriate standards. Frankly, excessive and unreasonable is a tighter limitation. Unlike this one, it isn't just the Secretary of the Treasury—it is the Secretary of the Treasury, in accordance with, and has to get the approval of the head of the FDIC, Ms. Bair, the Comptroller of the Currency. Yes, there's a consultation with the head of the oversight board. She has no vote on it. The votes are from the regulators.

Let's stress again—this only applies, this bill, to people who voluntarily keep capital infusions from the Federal Government. If they don't like it, they can return the money. That's what an assault on free enterprise is.

The ranking Republican said before that anybody who does business with the Federal Government might be subjected to that. No, that's not remotely true. It certainly isn't true in the bill.

The bill explicitly says that if you do business with one of the covered entities, you're not covered by this. It explicitly says that.

Not being able to argue against this bill on the merits, they then say, Well, what happened if it was applied 16 different other ways? I don't think it should be. I didn't know it won't be.

Again, when people argue against what is not in the bill, but what might come, it's because they have no confidence in their arguments against the bill.

We did adopt, with a majority of Senate Republicans, the leadership—not quite a majority—but the leadership of House Republicans on these issues, President George Bush—we've already adopted rules that say, quite sensibly, if you take the Federal money, there are some restrictions. And if you don't like it, give the money back.

Now the gentleman from Georgia said, Oh, but the bill goes too far because it doesn't just repeal what we did. And he talked about the Lungren bill. I hadn't heard about the Lungren bill. The reason is that the Lungren Republican bill was introduced after we had made clear what we were going to do on Monday, 2 days before we marked up the bill. It was not called to my attention. No member of the Republicans

on the Financial Services Committee said, Let's just do it this way.

We had an open markup. The Lungren bill could have been offered as an amendment by any Republican member of the committee. They did not do it. If they forgot, Mr. LUNGREN himself could have come to the Rules Committee and asked that it be made in order as amendment. They did not do it.

They quietly introduced a bill, made sure that no one noticed it; called it to no one's attention; deliberately refrained from offering it as an amendment at an open markup, when they could have; deliberately refrained from going to Rules Committee and asking that it be made in order; and now they're complaining that it wasn't adopted.

The fact is this: The Republicans regret losing the provision that was added mistakenly, in my judgment, in the hurried deliberations, hurried conclusion on the recovery bill.

The gentleman from California mentioned this. The Senator from Connecticut offered restrictions. The Members on the other side baffle me sometimes—sometimes more than others. They are critical of restrictions. The gentleman from Connecticut offered restrictions on compensation. Presumably, they would denounce him for that. But as the gentleman from California pointed out, they are objecting to offering restrictions, and then they're objecting because somebody persuaded him the restriction shouldn't be so restrictive.

Now we also have in here a provision that this will lead people to give back TARP money. At an earlier stage, before I think they reconsidered the total inconsistency of it, some of the Republicans said, Oh, this is a problem because it will give back TARP money. Of course, these are the same people who said they wished there was no TARP.

So, first they don't want restrictions, then they complain because the restrictions are not made retroactive, then they complain when we take away the provision that restrictions wouldn't be retroactive. First they say they don't want any TARP at all, then they worry there will be a smaller TARP because people will give the money back.

Here is the essential element of this bill. Apparently, my Republican colleagues do not want to say to the largest financial institutions that—and we're going to adopt an amendment, I hope, that limits this to the larger institutions because the community banks have been unfairly tarred by this. They didn't make the mistakes that led us here. They weren't part of the Republican majority from 1995 to 2006 that passed no legislation on Fannie Mae and Freddie Mac, that passed no regulation on subprime lending, that did nothing about any of the abuses in other areas, all of which we tried to correct when we came to power in 2007.

□ 1545

But what we have is a bill that says if you get capital infusions of \$250 million or more from the Federal Government and you decide to keep that money, then you should not make payments that are excessive or unreasonable.

People said, what is that? Well, you know when you are running a company, you try to hold your expenses down to the least possible. You pay your employees, frankly, as little as you can get and still have them work. But there has been an exception to that at the top levels. We do say retention bonuses are a mistake, where people say, I have the secret to the formula and if you don't bribe me, I'm going to quit. We are saying, No, don't give into that. Give them performance bonuses, as you can do.

So these are the issues, two pieces of this bill: Do we undo the restriction on retroactivity that was in the recovery bill that has been so denounced, and then do they lose their major source of ability to denounce? And, do you say to a bank that has taken more than \$250 million in Federal funds: For as long as you voluntarily decide to keep that money, do not make bonus payments that are not performance-based and do not make excessive and unreasonable payments?

Members have invoked the American people. I do not think the American people stand wholly behind the proposition that people should be able to keep the Federal money, not voluntarily return it, and then disregard any rules about who gets what.

I do believe it is possible for institutions to use performance bonuses and to make payments that are not excessive or unreasonable, that will go, as the gentleman from California has pointed out on many cases, into the millions of dollars a year to some of the top people. These will be people who will be very well paid, people who will be much better paid, I guarantee you, than the auto workers who have borne the brunt of the Republican decision that it is okay to restrict.

By the way, where were my colleagues who want free enterprise and no interference with wages when the Senator from Tennessee, Mr. CORKER, was trying to drive down the wages of auto workers, American auto workers, and saying that the American auto workers shouldn't get the wages that are paid by the American companies?

There is every argument being given here. But what I do not understand, as I listen to these inconsistent arguments that have no weight, what is it about saying that if you take Federal money voluntarily, you can't make excessive payments that troubles them?

Mr. VAN HOLLEN. Mr. Chair, I rise in support of H.R. 1664, the Pay for Performance Act.

I'm honored today to join my colleagues in supporting the Pay for Performance Act, a measure designed to ensure that taxpayers' dollars are used wisely to protect our financial

institutions, and I want to applaud the work done on this issue by Representatives GRAYSON and HIMES. The recently disclosed AIG bonuses highlight the potential for abuses of the public trust by companies rewarding employees with excessive compensation—all on the taxpayer dime. This legislation will ensure that companies receiving TARP funds tie pay to performance. I am particularly pleased that this bill includes a provision I authored requiring full disclosure of compensation and perks for the family members of employees working for these companies.

Mr. CANTOR. Mr. Chair, my wife currently receives compensation from a financial institution that would be covered by the provisions of H.R. 1664. I have determined that this constitutes a direct personal and pecuniary interest under clause 1 of Rule III of the Rules of the House and thus I will be answering "present" on any question related to H.R. 1664 put to the House or to the Committee of the Whole House.

The CHAIR. All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute printed in the bill shall be considered as an original bill for the purpose of amendment under the 5-minute rule and shall be considered read.

The amendment in the nature of a substitute is as follows:

H.R. 1664

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PROHIBITION ON CERTAIN COMPENSATION.

(a) *PROHIBITION ON CERTAIN COMPENSATION NOT BASED ON PERFORMANCE STANDARDS.*—Section 111 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5221) is amended by redesignating subsections (e) through (h) as subsections (f) through (i), and inserting after subsection (d) the following:

“(e) *PROHIBITION ON CERTAIN COMPENSATION NOT BASED ON PERFORMANCE STANDARDS.*—

“(1) *PROHIBITION.*—No financial institution that has received or receives a direct capital investment under the Troubled Assets Relief Program under this title, or with respect to the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or a Federal home loan bank, under the amendments made by section 1117 of the Housing and Economic Recovery Act of 2008, may, while that capital investment remains outstanding, make a compensation payment, other than a longevity bonus or a payment in the form of restricted stock, to any executive or employee under any existing compensation arrangement, or enter into a new compensation payment arrangement, if such compensation payment or compensation payment arrangement—

“(A) provides for compensation that is unreasonable or excessive, as defined in standards established by the Secretary, in consultation with the Chairperson of the Congressional Oversight Panel established under section 125, in accordance with paragraph (2); or

“(B) includes any bonus or other supplemental payment that is not directly based on performance-based measures set forth in standards established by the Secretary in accordance with paragraph (2).

Provided that, nothing in this paragraph applies to an institution that did business with a recipient of a direct capital investment under the TARP.

“(2) *STANDARDS.*—Not later than 30 days after the date of enactment of this subsection, the Secretary, with the approval of the agencies

that are members of the Federal Financial Institutions Examination Council, and in consultation with the Chairperson of the Congressional Oversight Panel established under section 125, shall establish the following:

“(A) UNREASONABLE AND EXCESSIVE COMPENSATION STANDARDS.—Standards that define ‘unreasonable or excessive’ for purposes of subparagraph (1)(A).

“(B) PERFORMANCE-BASED STANDARDS.—Standards for performance-based measures that a financial institution must apply when determining whether it may provide a bonus or retention payment under paragraph (1)(B). Such performance measures shall include—

“(i) the stability of the financial institution and its ability to repay or begin repaying the United States for any capital investment received under this title;

“(ii) the performance of the individual executive or employee to whom the payment relates;

“(iii) adherence by executives and employees to appropriate risk management requirements; and

“(iv) other standards which provide greater accountability to shareholders and taxpayers.

“(3) REPORTING REQUIREMENT.—

“(A) IN GENERAL.—Any financial institution that is subject to the requirements of paragraph (1) shall, not later than 90 days after the date of enactment of this subsection and annually on March 31 each year thereafter, transmit to the Secretary, who shall make a report which states how many persons (officers, directors, and employees) received or will receive total compensation in that fiscal year in each of the following amounts:

“(i) over \$500,000;

“(ii) over \$1,000,000;

“(iii) over \$2,000,000;

“(iv) over \$3,000,000; and

“(v) over \$5,000,000.

The report shall distinguish amounts the institution considers to be a bonus and the reason for such distinction. The name or identity of persons receiving compensation in such amounts shall not be required in such reports. The Secretary shall make such reports available on the Internet. Any financial institution subject to this paragraph shall issue a retrospective annual report for 2008 and both a prospective and retrospective annual report for each subsequent calendar year until such institution ceases to be subject to this paragraph.

“(B) TOTAL COMPENSATION DEFINED.—For purposes of this paragraph, the term ‘total compensation’ includes all cash payments (including without limitation salary, bonus, retention payments), all transfers of property, stock options, sales of stock, and all contributions by the company (or its affiliates) for that person’s benefit.”.

(b) REVISION TO RULE OF CONSTRUCTION.—Section 111(b)(3)(D)(iii) of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5221(b)(3)(D)(iii)) is amended by inserting before the period the following: “, except that an entity subject to subsection (e) may not, while a capital investment described in that subsection remains outstanding, pay a bonus or other supplemental payment that is otherwise prohibited by clause (i) without regard to when the arrangement to pay such a bonus was entered into”.

The CHAIR. No amendment to the committee amendment is in order except those printed in House Report 111-71. Each amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent of the amendment, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. FRANK OF MASSACHUSETTS

The CHAIR. It is now in order to consider amendment No. 1 printed in House Report 111-71.

Mr. FRANK of Massachusetts. I rise to offer that amendment.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. FRANK of Massachusetts:

In subsection (e)(1) of the matter proposed to be inserted by section 1(a) of the bill, in the matter following subparagraph (B), strike “nothing in this paragraph” and all that follows through “under the TARP” and insert “an institution shall not become subject to the requirements of this paragraph as a result of doing business with a recipient of a direct capital investment under the TARP or under the amendments made by the Housing and Economic Recovery Act of 2008”.

In subsection (e) of the matter proposed to be inserted by section 1(a) of the bill, redesignate paragraph (3) as paragraph (4) and insert after paragraph (2) the following:

“(3) CLARIFICATION RELATING TO SEVERANCE PAY.—For purposes of this subsection, a compensation payment or compensation payment arrangement shall not include a severance payment paid by an employer in the ordinary course of business to an employee who has been employed by the employer for a minimum of 5 years upon dismissal of that employee, unless such severance payment is in an amount greater than the annual salary of such employee or \$250,000.”.

In the matter proposed to be inserted by section 1(a) of the bill, in subsection (e)(4)(B) (as redesignated by the previous amendment), insert before the period the following: “or for the benefit of that person’s immediate family members”.

At the end of the bill, insert the following new section:

SEC. 2. EXECUTIVE COMPENSATION COMMISSION.

Section 111 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5221), as amended by section 1, is further amended by adding at the end the following new subsection:

“(j) EXECUTIVE COMPENSATION COMMISSION.—

“(1) ESTABLISHMENT.—There is hereby established a commission to be known as the ‘Commission on Executive Compensation’ (hereinafter in this subsection referred to as the ‘Commission’).

“(2) DUTIES.—

“(A) STUDY REQUIRED.—The Commission shall conduct a study of the executive compensation system for recipients of a direct capital investment under the TARP. In conducting such study, the Commission shall examine—

“(i) how closely executive pay is currently linked to company performance;

“(ii) how closely executive pay has been linked to company performance in the past;

“(iii) how executive pay can be more closely linked to company performance in the future;

“(iv) the factors influencing executive pay; and—

“(v) how current executive pay incentives affect executive behavior.

“(B) CONSIDERATION OF PROPOSALS.—The Commission shall consider, in addition to any recommendations made by members of the Commission or outside advisers, the effects of implementing increased shareholder voice in executive compensation.

“(3) REPORT.—

“(A) IN GENERAL.—Not later than 90 days after the date on which all members of the Commission have been appointed, the Commission shall deliver a report to the President and to the Congress containing—

“(i) recommendations for legislative action;

“(ii) recommendations for executive action, including actions taken by the Department of the Treasury or any other agency for which the Commission has recommendations; and

“(iii) recommendations for voluntary actions to be taken by recipients of a direct capital investment under the TARP.

“(B) MINORITY VIEWS.—The report required under subparagraph (A) shall be accompanied by any separate recommendations that members of the Commission wish to make, but that were not agreed upon by the Commission for purposes of the report required under subparagraph (A). Such separate recommendations must take the form of a proposal for aligning executive pay with the long-term health of the company.

“(4) COMPOSITION.—

“(A) The Commission shall be composed of 9 members, appointed as follows:

“(i) 1 member appointed by the Council of Economic Advisers.

“(ii) 1 member appointed by the Speaker of the House of Representatives.

“(iii) 1 member appointed by the Senate Majority Leader.

“(iv) 1 member appointed by the House Minority Leader.

“(v) 1 member appointed by the Senate Minority Leader.

“(vi) 1 member appointed by the Chairman of the Financial Services Committee of the House of Representatives.

“(vii) 1 member appointed by the Ranking Member of the Financial Services Committee of the House of Representatives.

“(viii) 1 member appointed by the Chairman of the Banking, Housing, and Urban Affairs Committee of the Senate.

“(ix) 1 member appointed by the Ranking Member of the Banking, Housing, and Urban Affairs Committee of the Senate.

“(B) Each appointing entity shall name its member within 21 days of the date of the enactment of this subsection.

“(C) Any vacancy in the Commission shall be filled in the same manner as the original appointment.

“(5) ACTIVITIES.—

“(A) The Chairman of the Financial Services Committee of the House of Representatives shall select one member to serve as the Chairman of the Commission, and such Chairman will call to order the first meeting of the Commission within 10 business days after the date on which all members of the Commission have been appointed.

“(B) The Commission shall meet at least once every 30 days and may meet more frequently at the discretion of the Chairman.

“(C) The Commission shall solicit and consider policy proposals from Members of Congress, the financial sector, academia and other fields as the Commission deems necessary.

“(D) The Commission shall hold at least two public hearings, and may hold more at the discretion of the Chairman.

“(6) ACTIONS BY THE COMMISSION.—A decision of a majority of commissioners present at a meeting of the Commission shall constitute the decision of the Commission where the Commission is given discretion to act, including but not limited to, recommendations to be made in the report described in paragraph 3.

“(7) STAFF.—The Chair may hire at his or her discretion up to seven professional staff members.

“(8) TERMINATION.—The Commission shall terminate 30 days after the date on which the Commission submits its report to the President and the Congress under paragraph 3.

“(9) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this subsection.

The CHAIR. Pursuant to House Resolution 306, the gentleman from Massachusetts (Mr. FRANK) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, this is an amendment that reflects the debate that we had to some extent in the committee. Some Members on both sides raised questions about ambiguity. That is why you have markups.

For example, we want to make it very clear that this applies only to institutions that have received and voluntarily retained capital infusions.

So, as a later amendment offered by one of our Republican colleagues does, that I hope is adopted, it reinforces that you don't become subject to these limitations on compensation just because you do business with an institution that gets the investment. One Republican Member said, well, what about people who buy or sell mortgages from Fannie Mae and Freddie Mac? We make it very clear that they would not be covered.

We did make it clear that where people have earned severance pay and their salary was \$250,000 or less, that the severance pay is not greater than \$250,000, or the annual salary, that earned severance pay could be paid under previous contracts. We always intended that. We wanted to make sure. And it does create a commission on executive compensation to study a system, because some people thought, well, we haven't done it well enough.

Now, I have one other point, Mr. Chairman. Would it be in order for me to make a unanimous consent request for a modification of the amendment?

The CHAIR. It is in order.

Mr. FRANK of Massachusetts. The gentlewoman from North Carolina said that she thought it was a mistake to refer to both executive or employee, because executives are employees. And in the interest of that grammatical position, I ask unanimous consent to amend the manager's amendment to incorporate the point made by the gentlewoman from North Carolina, and strike the words “executive or.”

The CHAIR. The Clerk will report the modification.

The Clerk read as follows:

Modification to amendment No. 1. offered by Mr. FRANK of Massachusetts:

Add at the end of the amendment:

On page 2, line 23—delete “executive or”.

On page 4, line 14—delete “executive or”.

The CHAIR. Is there objection to the request of the gentleman from Massachusetts?

Mr. PRICE of Georgia. Mr. Chairman, reserving the right to object, I just received this.

My understanding is that this is removing the words “executive or” among those individuals who would come under the jurisdiction of determining what compensation ought to be or performance ought to be, so that it would read that “any employee.” Is my understanding correct?

Mr. FRANK of Massachusetts. If the gentleman would yield, yes, that was the point raised by the gentlewoman from North Carolina. I think that effectuates her point.

Mr. PRICE of Georgia. And I appreciate that. Continuing to reserve the right to object, my sense is that what this is, is actually a clarifying amendment to a greater intent by the Members on the majority side who—

Mr. FRANK of Massachusetts. Mr. Chairman, I withdraw my unanimous consent request.

The CHAIR. The request is withdrawn.

Mr. FRANK of Massachusetts. Mr. Chairman, I guess we get a sense of what is happening here. The gentlewoman from North Carolina raised the point that, frankly, didn't seem to me one of the most important ever to be raised. It said we had some redundancy in the bill. Lawyers, of course, hate redundancy, as we all know. They are belt and suspenders opposed to it.

I tried to accommodate the gentlewoman from North Carolina. It touched off an entirely unnecessary debate eating up the time. If the Members are prepared to accept this at some point, in the spirit of conciliation I will offer it again, but not to be the subject for extra debate time which intrudes on the Members' time.

The manager's amendment, as I said, clarifies points that were raised, as I just tried to do with the gentlewoman from North Carolina, tried to give some assurance. Sometimes the atmosphere gets so partisan that that effort of conciliation becomes too difficult, so I will leave it where it is.

I reserve the balance of my time.

Mr. PRICE of Georgia. Mr. Chairman, I am pleased to yield 2 minutes to the gentleman from Nebraska (Mr. TERRY).

The CHAIR. Does the gentleman rise in opposition to the amendment?

Mr. PRICE of Georgia. I claim the time in opposition to the amendment.

The CHAIR. The gentleman from Georgia is recognized for 10 minutes.

Mr. PRICE of Georgia. And I yield 2 minutes to the gentleman from Nebraska (Mr. TERRY).

Mr. TERRY. Let's go over the chronology of events here.

We had a stimulus bill that was 1,100 pages, and there was a provision within the stimulus bill that was the opposite of the intentions of the House and the Senate, where language from the original versions and intentions of the House were stripped out in the middle of the night with only a few people in the room, which we have now subsequently learned that at least two of the people in the room were Secretary Geithner of the White House's Cabinet, and Senator DODD.

Now, I heard an earlier speaker, the gentleman from California, saying something about how we are deriding this one statement. They are right, because this one statement protected the bonuses, specifically protected the bonuses that became the outrage of America.

This stimulus bill, with this language protecting it that was inserted by the White House and Senator DODD, who has received about \$200,000 in campaign contributions from AIG, by the way, that doesn't get mentioned on the floor too much. This was then brought to the floor, 1,100 pages, put before this body without an opportunity to read, a promise to us and American people that we would have 48 hours to read a complex bill when we had very few hours to read this bill.

And now we are in what we call the coverup or cover your rear stage, because the people who voted for that stimulus are now running for cover.

The CHAIR. The time of the gentleman has expired.

Mr. PRICE of Georgia. I yield the gentleman an additional 1 minute.

Mr. TERRY. We went through this exercise a week or so ago when we wanted to tax the bonuses at 90 percent. And so I ask the original so-called author, ostensible author of this bill, Mr. GRAYSON, if he even read the bill. And I would yield to Mr. GRAYSON for an answer.

Okay. I guess we won't get an answer of whether or not he read the bill.

What we found out is that now the public is still outraged because they are mad at the coverup between the Cabinet and Senator DODD and this body's participation in it. So we are going to take now an extra measure in our CYA efforts and develop a bill that now will make the Federal Government intrude to the very core of any business that accepted a dollar of TARP dollars, where now the Treasury comes in without any expertise and sets the salaries for the secretaries on up.

Mr. FRANK of Massachusetts. I yield myself 2½ minutes to comment on the most extraordinary display of illogic ever inflicted on this Chamber.

The gentleman complains that the restriction was adopted, but now complains that we are going to undo it.

And the gentleman is leaving the Chamber. Let me say to him, I understand differences of opinion, but I do resent the suggestion that I am trying to cover anything up. As chairman of the committee, I—

Mr. TERRY. Will the gentleman yield?

Mr. FRANK of Massachusetts. No. I brought a bill to the committee for a markup. We had an open markup. People could have offered any amendment they wanted. We then brought the bill to the floor. We went to the Rules Committee. I urged some—

Mr. TERRY. Would the gentleman yield for a clarification?

Mr. FRANK of Massachusetts. I will yield.

Mr. TERRY. For a clarification, when you said brought to markup, are you referring to the so-called Grayson bill that you brought to the markup, or the original stimulus?

Mr. FRANK of Massachusetts. I reclaim my time. The answer is obvious. No, the stimulus bill did not come to a committee which had no jurisdiction over it, as the Member well knew. I am talking about the accusation that a bill to correct a mistake is a coverup.

The illogic of that is overwhelming. The lack, I think, of commitment here to public policy is striking. The gentleman is complaining about a mistake, and he calls an attempt to correct a mistake a coverup. What is the coverup? This is a bill that was debated openly in a markup, it was debated openly in the Rules Committee. It is being debated openly on the floor.

This accusation of coverup is not, it seems to me, a serious contribution to a debate on the merits. But there is also the fundamental inconsistency on the Republican side. They were opposed, and the gentleman said this bill is going to get us deeper into the affairs of corporations. How? By repealing something the gentleman was opposed to.

If in fact the provision he didn't like hadn't been put in there in the first place, we wouldn't have been so deeply into it. This is simply, let's find something to complain about. Let's ignore logic.

The gentleman says he doesn't want us more deeply into corporations. Well, then he should have been for that restriction. Indeed, his quarrel with Senator DODD is not that he only got part of what he wanted, but that he moved it at all. Because, remember, it was Senator DODD who initiated the further restriction.

I reserve the balance of my time.

Mr. PRICE of Georgia. Mr. Chairman, I am pleased to yield to the gentleman from New Jersey (Mr. GARRETT) for 5 minutes.

Mr. GARRETT of New Jersey. I thank the gentleman from Georgia. And I also thank the gentleman from Massachusetts, for I agree with him, as most Americans do, with regard to the underlying bill here as far as the apparent excesses, as far as the salaries that some people made when they were underperforming companies. And I share the concern that taxpayers have, and I share the chairman's concern with regard to his overall amendment that he makes to the bill. But the underlying bill here, however, has three or four fundamental problems.

One, it is unconstitutional, as some have said; secondly, it has an uncalled for retroactive effect; thirdly, there is this unfairness as we treat disparate individuals within the same company; and, fourthly, there is certainly a harmful impact upon the very programs that our now Secretary of the Treasury wishes to implement.

□ 1600

On the unconstitutionality portion, I am unclear, as are outside experts who

have looked over this legislation, to see exactly how it is within the powers of the U.S. Congress, as much as we may like to do so sometimes, to simply go in and abrogate contracts that were voluntarily made by willing parties on either side. Regardless of whether the fact is that those companies or those individuals may be receiving Federal dollars or not, whether there is a constitutional ability to do so is a question I think that this body should be addressing and how that can be answered.

The second aspect is the retroactivity effect. Some of the provisions in this bill I could probably come to agreement with. But to step in here, after the fact, and say that we are now going to go back, backwards in time and look at those very same corporations who had entered into contracts, had activity prior to their receiving TARP funds or other Federal dollars or investments, capital investments, and now saying, we are going backwards and we will basically open up agreements and open up terms of deals over there and look back on them, seems to be an activity that Congress should not engage in.

Prospective is another matter. For companies or banks or other financial institutions that want to engage and receive Federal dollars, absolutely. They should be knowing what the terms of the deal are on the table. And if they accept them today, then those are the deals going forward. But to go backwards in time really raises, as I said before, an unconstitutional aspect.

Finally, the unfairness as far as the disparate treatment that you may receive within the same company. I think the basic outrage that most Americans have on this situation is when we read in the paper the multi-million dollar deals or bonuses that people received, especially in those failing companies, and say, How do they receive millions and millions of dollars? Well, this bill addresses that. Fine. But it also addresses that secretary who may be just working there on weekends or part-time or even full-time making slightly over \$10 an hour or more. That secretary comes within the confines of this bill too. The custodian or other worker in the business would also fall within the purviews of this legislation.

Now the answer might be, well, we are still going to look to see whether their payment is reasonable or excessive. But why we would pick on those individuals who did absolutely no wrong and to say that now Congress is going to be scrutinizing your salaries and see whether or not you were paid far too much for the activities that you did in the company is beyond me.

Finally, the fourth portion, harmful. Secretary Geithner comes out, finally, after several failed attempts with his plan on how we are going to get out of this global morass that we are in right now, and how does he want to do it? He and the White House have opened their

doors to the free enterprise system, the capitalist markets, and the banking and the financial institutions, as they did this past week and said, Come on board. Work with us as teammates in this. We want to make you partners. Partners? What partner wants to hook up with somebody that if you are successful, there may be other legislation like this that will go in and claw back the money that you made? If you're successful it may be clawed back. And I have heard some people say, If you're unsuccessful, maybe you will be penalized.

And I appreciate the fact that the chairman in Rules Committee yesterday said, to paraphrase, he said, Fear not. If it goes through my committee, I would not permit such language to go forward. And I appreciate that. But as the chairman knows, the bill we did, I think it was last Thursday, the 90 percent tax, to the best of my knowledge, did not go through your committee. You and I may have liked it to. But it did not.

So we have seen the way this House operates. When the mood drives the Speaker or the majority leader, they can pass a bill through. A 90 percent tax that basically makes the Tax Code the penal code and punishes people for activity that they never realized was unlawful or inappropriate before, did not go through his committee. So to all of the best wishes of the chairman, he unfortunately, may not have that ability to block that provision going forward as much as he and I might wish that he did. So the legislation that is before us still puts that harmful impact upon him.

And finally, if I still have some time, we have to ask the larger question, what actually does this do at the end of the day? Is it window dressing? Maybe.

The CHAIR. The time of the gentleman has expired.

Mr. PRICE of Georgia. I yield the gentleman 1 additional minute.

Mr. GARRETT of New Jersey. What did we actually do? Well, it puts language in here which says that there cannot be excessive or unreasonable compensation. Yesterday, again, at Rules Committee, somebody from our side of the aisle and someone from the other side of the aisle asked, What is excessive or unreasonable compensation? And quite candidly, they said they couldn't answer the question. They will leave it to someone else.

I'm not sure if that is the right answer to that question. If you're going to have legislation like this, and I don't support the legislation, but if you're going to have legislation like this, you should be doing it the way we dealt with Fannie and Freddie when we had that situation and say, We don't want anybody making more than X, and take the responsibility as Congress and say, We are going to put the dollar amounts in it. This doesn't. This abrogates that to a Secretary of the Treasury who can come up with who knows what? It could be \$1 million. It could be

\$10 million. It could be \$100,000. It could be \$50,000.

We should not be putting this ambiguity in here. It doesn't answer the question. It is just one more way to say that this is a potentially harmful, unconstitutional, retroactive legislation to the overall global climate that we are in today.

Mr. FRANK of Massachusetts. Mr. Chairman, I have only one speaker remaining.

Mr. PRICE of Georgia. I have no speakers remaining, and I will consume the rest of our time when the gentleman is ready to close.

Mr. Chairman, may I ask how much time remains?

The CHAIR. The gentleman from Georgia has 1 minute remaining. The gentleman from Massachusetts has 5 minutes remaining.

Mr. PRICE of Georgia. Mr. Chairman, I think it is important to appreciate that this bill is very far-reaching. It is not just a simple little exclusion of an amendment that was inserted in the middle of the night on the previous \$1 trillion spending bill that the majority passed.

It includes compensation arrangements and includes compensation limitation potential by the Secretary of the Treasury. It also includes performance-based standards that are also defined by the Secretary of the Treasury. Now what does that mean? The performance in the bill or the performance of an individual executive or employee to whom the payment relates? The adherence by executives or employees to appropriate risk management requirements? And "other standards which provide greater accountability to shareholders and taxpayers."

What is all that?

Well, Mr. Chairman, I would suggest that we don't know what all that is. And that is why the American people are so concerned about these issues. Because they know that the faith that they have in the American system of government and the American marketplace does not rest in the Secretary of the Treasury. It does not rest in the government. It rests in the ingenuity and the vitality of the American people. And that is where they want it to remain.

The CHAIR. The time of the gentleman from Georgia has expired.

Mr. FRANK of Massachusetts. Mr. Chairman, first, I appreciate the generosity of the gentleman from New Jersey when he accepts the fact that I intend to do this through the committee that I chair. He then suggested, however, that we might lose control of this. I'm talking now about the ability to restrict the recipients of the capital infusion. And he talked about a tax bill that didn't come out of the Committee on Financial Services and a bill just voted on today, defeated, out of Judiciary.

But I will assure him, given the support of the leadership on the Democratic side, of the importance of re-

stricting this to recipients of capital infusions. Both of those bills included that same restriction. The Committee on Financial Services had no great input into the tax bill. But the writers of that bill accepted our language that applied only to recipients of a capital infusion. Similarly, the Judiciary bill applies only to recipients of the capital infusion. And I have now put every other chairman on notice about assurances that will be there.

The other thing the gentleman from New Jersey said indicates the split on the Republican side. He denounced retroactivity. There is a good argument against retroactivity, and the courts may have to decide it. But remember that unlike the gentleman from New Jersey with his consistency to principle, a large number of Republicans, including the gentleman from Nebraska, have been denouncing the administration and the Senate precisely for accepting the principle that you don't go retroactive. The gentleman from New Jersey said, "Don't be retroactive." But most of the other Republicans have been saying, "How dare you not go retroactive?"

The provision that kindled all the anger that was put into the recovery bill was a provision that says, "Don't apply these rules retroactively." The gentleman from New Jersey says, "Don't apply the rules retroactively?"

I guess he is lucky that his colleagues have decided not to denounce him. He is a very nice guy. That is probably what has charmed them. But he has just articulated precisely the principle that has led to that firestorm of attack.

Now again, this bill undoes that. Members said, Oh, but it does more than that. And there is an implicit suggestion that if only, if we had only done that, it would have been okay. But I repeat, the bill that only does that was introduced 2 days before the markup. I don't read every bill that is introduced. No Member of the Republican's minority on the committee offered an amendment to reduce this only to that repeal. No Republican in the House came to the Rules Committee and said, You know, that provision, that is a terrible provision. Let's get rid of it.

They don't want to get rid of it, Mr. Chairman, because they want to be able to attack it. Some of them want to attack retroactivity, and some of them want to attack a bar on retroactivity.

As to the standards, in the first place, members of the minority have consistently—I guess it scares people more—misstated the authority here. It is to the Secretary of the Treasury and the Federal Financial Institutions Examination Council, a five-member body, three of whom are George Bush appointees; the Comptroller of the Currency, Mr. Duggan; the head of the FDIC, Ms. Bair, and the chairman of the Federal Reserve, Mr. Bernanke. They are three of the five members of

this committee, and they are not advisory. The oversight panel is an advisory role.

The five members of the Federal Financial Institutions Examination Council, people with long experience in regulating financial institutions, are the ones that have to sign off on any regulations. So why is it simply the Secretary of the Treasury? The gentleman from Georgia read off the biography of the Secretary of the Treasury. He went to Dartmouth. Apparently that is a prerequisite today for Secretaries of the Treasury, as Mr. Paulson did. But what about Ms. Bair's experience? What about Mr. Duggan's experience? What about others who are in that position who have had long experience both in the private sector, as they have, and as bank regulators?

This is an effort to caricature the bill. By the way, last year, the Republican majority of the Senate, President Bush, the Republican leadership of the Financial Services Committee and the Republican leadership of the House voted for a bill that gave more discretion to the Secretary of the Treasury alone. I understand that times change. But a change in political control should not lead to such a rapid change in political opinion. And if retroactivity is a terrible thing, then retroactivity shouldn't have been the cause of all that argument.

I repeat again. This says if you take Federal money under the capital infusion program, you cannot issue excessive or unreasonable payments, which is what AIG did. And they didn't just do the top executives. Why do we cover everybody? Because AIG and others could cover everybody. And it says, "Let's undo the mistake that was made during the recovery."

Obviously, the manager's amendment is not controversial. It has just been the forum for more extended debate. I hope the manager's amendment is adopted.

The CHAIR. The question is on the amendment offered by the gentleman from Massachusetts (Mr. FRANK).

The amendment was agreed to.

AMENDMENT NO. 2 OFFERED BY MR. CARDOZA

The CHAIR. It is now in order to consider amendment No. 2 printed in House Report 111-71.

Mr. CARDOZA. Mr. Chairman, I have an amendment at the desk.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. CARDOZA: In subsection (e) of the matter proposed to be inserted by section 1(a), add at the end the following:

"(4) COMMUNITY FINANCIAL INSTITUTION EXEMPTION.—

"(A) IN GENERAL.—The Secretary may exempt community financial institutions from any of the requirements of this subsection, when the Secretary finds that such an exemption is consistent with the purposes of this subsection.

"(B) COMMUNITY FINANCIAL INSTITUTION DEFINED.—For the purposes of this paragraph,

the term 'community financial institution' means a financial institution that receives or received a direct capital investment under the Troubled Asset Relief Program under this title of not more than \$250,000,000."

The CHAIR. Pursuant to House Resolution 306, the gentleman from California (Mr. CARDOZA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from California.

Mr. CARDOZA. Mr. Chairman, I yield myself such time as I may consume.

I rise today in support of my amendment. My amendment allows the Secretary of the Treasury to exempt community bank TARP participants from compensation standards established by the Secretary as long as they have not received more than \$250 million in TARP funds and as long as doing so is consistent with the intent of this bill.

The community banks were not the bad actors that led to the collapse of our credit markets, and we need them to be a part of the solution to our economic recovery. They are known for their prudent lending practices and their commonsense compensation policies, which is why the vast majority of them remain well capitalized and ready to lend.

By painting community banks with the same brush as the financial institutions that abused the trust of the taxpayers and their shareholders, we are unfairly adding to the regulatory burden of these community banks, and we run the risk that they will drop out of the Capital Purchase Program.

I do not support outrageous bonuses that were paid out of TARP funds to irresponsible executives. But I also do not support burdening community banks with overbearing regulations that are in response to actions made by the larger institutions.

My amendment will make sure this doesn't happen by allowing the Treasury Secretary to concentrate his efforts on where the problem existed in the first place and not in our community banks. It will also encourage the participation of more community banks in the Capital Purchase Program and will enhance their role as leaders in the economic recovery.

I want to thank Chairman FRANK for working with me to craft this amendment and to support my efforts to protect community banks from unfairly burdensome regulations.

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. CARDOZA. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I thank the gentleman because this is important not just for what it does but for what it says. Community banks have not been the source of this problem. They didn't make bad subprime loans. They didn't get into CDOs. They have been unfairly blamed and to some extent burdened. And it should be our commitment, and we are, we are trying to do this in other ways, with the FDIC assessment. The gentleman from Cali-

fornia has been a leader in this. This is a chance for us, in effect, to apologize to community banks for criticism that was undeserved and to assure them that we will try to insulate them from actions that should not occur that would penalize them for things that they didn't do wrong.

I thank the gentleman for his leadership.

□ 1615

Mr. CARDOZA. I thank the chairman for his leadership on this and for his help crafting this amendment. I thank his staff for the same.

Mr. FRANK of Massachusetts. If the gentleman would yield further, I would note that I'm going to introduce a letter from Camden Fine, the president and CEO of the Independent Community Bank Association.

MARCH 31, 2009.

Re Support Cardoza Amendment to H.R. 1664.

DEAR REPRESENTATIVE: On behalf of the Independent Community Bankers of America, and its 5,000 members, I strongly urge you to support the Cardoza Amendment to H.R. 1664, the executive compensation legislation applicable to TARP recipients. The Cardoza Amendment recognizes that community banks do not engage in the unreasonable and excessive compensation practices that are at the heart of the TARP bonus scandals.

As a result of prudent lending practices and common-sense compensation policies, the majority of community banks remain strongly capitalized and ready to do their part to aid economic recovery through lending to households and small businesses. Recognizing the important role community banks play in our recovery, both the Obama and Bush Administrations have encouraged community banks to participate in the TARP Capital Purchase Program. The Program provides additional resources to participating community banks to enhance their role as catalysts for economic recovery in their local communities.

Unfortunately, efforts to rein in excessive and unreasonable compensation practices of MG and others have also reached the community banks. The broad-brush approach to addressing compensation abuses needlessly and unfairly adds to the regulatory burden of community banks participating in the Capital Purchase Program. It would be a shame if well-intended, but misdirected, regulation of bank employee compensation forces community banks to withdraw from the program or not sign up in the first place.

The Cardoza Amendment takes a targeted approach to the regulation of executive and employee compensation by allowing the Secretary of the Treasury to concentrate his efforts where the problems existed in the first place—the largest financial institutions. The amendment allows the Secretary to exempt community financial institutions from the compensation standards established under H.R. 1664, if the Secretary finds that an exemption is consistent with the purposes of the new legislation. For purposes of the exemption, a community financial institution is an institution that receives or has received not more than \$250 million under the Capital Purchase Program.

The Cardoza amendment will encourage the participation of community banks in the Capital Purchase Program and enhance the community bank industry's role as leaders in our economic recovery. Thank you for considering our views.

Sincerely,

CAMDEN R. FINE,
President and CEO.

Mr. PRICE of Georgia. Mr. Chairman, I claim the time in opposition, though I am not opposed.

The CHAIR. Without objection, the gentleman from Georgia is recognized for 5 minutes.

There was no objection.

Mr. PRICE of Georgia. Mr. Chairman, I want to commend my friend from California for introducing this amendment. I think that it's a good idea, but in my view, doesn't go far enough. I would also point out that it is purely arbitrary, and that gets to the heart of the challenge that we have here, the arbitrary nature of what we're deciding.

Small financial institutions should be automatically exempt from this legislation. The best approach to protecting the taxpayers' investment in private business is through stronger oversight and accountability, not by further entrenching government in the operations and management of hundreds of businesses across America, many of which are community and regional banks that did nothing, as my friends have commented, to create the current financial challenge.

Indeed, given the government's track record in piling up huge deficits and mismanaging a wide range of Federal programs, there is little reason to believe that it will have any more success in running private enterprises.

The amendment leaves the discretion to the Secretary of the Treasury to exempt community financial institutions from the legislation's compensation prohibitions.

I would suggest, Mr. Chairman, that rather than leaving this responsibility to the Treasury Secretary who, I might add, failed to block the AIG bonuses and who, by his own admission, has a very full plate these days. Why not simply exempt smaller TARP recipients entirely from the government micromanagement of compensation levels for all employees that this bill imposes?

I would reserve the balance of my time.

Mr. CARDOZA. I have no further speakers, Mr. Chair. I reserve to close.

Mr. PRICE of Georgia. Mr. Chairman, how much time remains?

The CHAIR. The gentleman has 3½ minutes remaining. The gentleman from California has 2 minutes remaining.

Mr. PRICE of Georgia. Mr. Chairman, I yield the balance of our time to Mr. BACHUS from Alabama.

Mr. BACHUS. Mr. Chairman, I just want to ask the sponsor a question. You have included in the original, in the legislation before us, it includes all financial institutions who accepted TARP money; is that correct?

I ask the chairman of the full committee.

Mr. FRANK of Massachusetts. Capital infusions from TARP. There are other forms of TARP money, but accept capital infusions of TARP money.

Mr. BACHUS. This only involves capital infusions.

Mr. FRANK of Massachusetts. Only the capital infusions, the gentleman from Alabama's idea, as I give him credit for.

Mr. BACHUS. What about AIG? Would they be included?

Mr. FRANK of Massachusetts. Yes, because AIG did get a TARP capital infusion.

Mr. BACHUS. So it's all TARP.

Mr. FRANK of Massachusetts. They didn't originally, as the gentleman knows, but there was subsequently a TARP addition to.

Mr. BACHUS. And I'm sincerely trying to—and I think amendment is an improvement. And I think the basis for it, as you both said, we don't want to limit the salaries of people who were not at fault.

I think what this bill, Mr. FRANK, what, Chairman FRANK, you're attacking is what you've called a, and I know the sponsor of the bill said last night that the people who have been ripping off the American taxpayer by stealing money and sucking it into their own pockets.

Mr. FRANK of Massachusetts. If the gentleman would yield, I never used that language. That's not my language.

Mr. BACHUS. That was his. But I guess what I'm saying, I think the philosophy behind this bill is we, the taxpayers, are going to come into people who caused this problem and limit their salaries; at least that's what he has said on two or three occasions.

But I guess my question to you, what about the institutions that have not caused any of the problem and were urged to take the money by the Secretary of the Treasury, and even those last week, you know, again, the President, last week, urged these companies to keep the money and not to return it. And I guess—

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. BACHUS. Yes.

Mr. FRANK of Massachusetts. Well, the President and I agree a lot, but not all the time. I'd like people to return the money. It's good for the taxpayers. It's a sign that they are stable, and we specifically amended the law to allow them to return it, and I encourage them to return it.

Mr. BACHUS. But now do you realize, and I believe the chairman is sincere, do you realize that while you're urging them to return it, the President and the Secretary of the Treasury are saying, please don't return it because when you do, it will restrict or reduce lending?

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. BACHUS. Yes.

Mr. FRANK of Massachusetts. If it's going to reduce their lending, then they probably shouldn't return it. But

there are other things that people do with it. And I understand. But if the gentleman is asking me do I understand that I'm disagreeing to some extent with the President and the Secretary of the Treasury, yes, sometimes that happens.

If the gentleman would yield, the Secretary of the Treasury apparently sponsored the restriction against retroactivity. He is on the side of the gentleman from New Jersey (Mr. GARRETT) against retroactivity. I am here with a bill that undoes something the Secretary of the Treasury did.

Mr. BACHUS. But my question to you, Chairman FRANK, is, this bill applies to all employees of all these institutions, does it not?

Mr. FRANK of Massachusetts. If the gentleman will yield. Yes, because in AIG we had hundreds of people—yes, it does.

Mr. BACHUS. Yes, it does. It covers every employee and every financial institution, the several hundred who were actually urged last week by this President to keep the money and which we're getting a 5 percent dividend.

The CHAIR. The time of the gentleman has expired.

Mr. CARDOZA. Mr. Speaker, just today, the New York Times reported that four small banks were returning our TARP funds because of the onerous regulations they find themselves having to comply with. If we apply the same regulations to small banks that we do to the big ones, more community banks will opt out of the TARP program, and I think to some disadvantage to districts like mine that are suffering so badly.

My amendment will make sure that they can take TARP funds and still not have to deal with some of these regulations. I think that's a positive movement in the right direction.

I actually thank Mr. BACHUS for saying that this was a step in the right direction, and I enjoy working with him and my colleague from Georgia.

I urge the adoption of this amendment.

I yield back the balance of my time.

The CHAIR. The question is on the amendment offered by the gentleman from California (Mr. CARDOZA).

The amendment was agreed to.

AMENDMENT NO. 3 OFFERED BY MR. MEEKS OF NEW YORK

The CHAIR. It is now in order to consider amendment No. 3 printed in House Report 111-71.

Mr. MEEKS of New York. I have an amendment at the desk.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. MEEKS of New York:

In subsection (e)(1) of the matter proposed to be inserted by section 1(a)—

(1) strike "has received or receives a direct capital investment under the Troubled Assets Relief Program under this title" and insert "receives a direct capital investment under the Troubled Assets Relief Program

under this title after the date of enactment of this subsection"; and

(2) strike "any existing compensation arrangement" and insert "any compensation arrangement other than a compensation arrangement entered into prior to the date of enactment of this subsection".

The CHAIR. Pursuant to House Resolution 306, the gentleman from New York (Mr. MEEKS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from New York.

Mr. MEEKS of New York. Mr. Chairman, I, like most Americans, was deeply upset and emotionally charged when I learned of the bonuses that AIG gave to its employees.

I, like most Americans, believe strongly that if you receive taxpayer dollars, you should have standards to limit abuses. I believe that this bill does begin to set those standards, but with just one flaw.

To correct this flaw, I had to contemplate, because some have said this amendment may not be the safest thing for me to do. Some say, for the sake of expedience, this may not be the political thing for me to do. And others say for the sake of vanity, it definitely may not be the popular thing to do.

But I'm reminded of Dr. King, who said, there comes a time when one must take a position that is neither safe, nor political, nor popular, but one must take that position because it's the right thing to do.

The rule of law and economic growth have been critically linked in the development of our Nation. The strength of our laws allows investors to trust that they can do business here. A legal system like ours provides protection and has allowed investors to innovate and take risks unsurpassed anywhere else in the world.

Right now we are undergoing a necessary and painful examination of our system of regulation and of our financial markets and the risks that were taken. However, we have to be careful that, in this process of correction and damage control, we do not do more harm than good. I fear that if we legislate changes to the rules in the middle of the game, we begin to undermine the trust that has made us so strong.

Do we really want to be dismantling confidence in our laws now?

This body should be the safety measure against arbitrary governance, not the entity that ushers it in. Just because we can do it doesn't mean we should. Yes, we can take retroactive action. We have that sovereign right. And Congress has acted accordingly in the past. But we should do so carefully and in a limited and not a broad way.

The Supreme Court has made it clear that Congress has the right to act retroactively, but its right is not unfettered. And our Founding Fathers were strong in their concern about breaching contracts. James Madison summed it up this way: Bills of attainder, ex post facto laws and laws impairing the obligation of contracts, are contrary to the first principles of the

social compact and to every principle of sound legislation.

I am concerned about unintended consequences that will impact the jobs linked to the financial services industry in the United States and the potential impact on our economic recovery efforts. The fact is, in New York, there aren't just fat cats on Wall Street. There are everyday people that commute to their jobs from my district. Those jobs are directly and indirectly linked to the financial services sector, and as the sector goes, so goes their jobs.

I just heard from one company that is losing approximately 1,000 people a week, many going to foreign competitors, and they aren't able to hire enough employees to replace them.

I've also heard from companies that are nervous about participating in public/private partnerships because of the uncertainty that Congressional action could cause. Our actions are having a chilling effect on government efforts to partner with the private sector in meaningful ways.

In closing, Mr. Chairman, and to sum up, let's do something. Yes, we must do something. But let's do something that won't have unintended consequences. Let's not do something that will make an already difficult economic situation far worse and perhaps irreversibly so. Let's not cut off our nose to spite our face.

I find myself, for the reasons outlined, concerned about H.R. 1664, even as I support most of its provisions and its intent.

And I urge my colleagues to support this amendment.

I retain the balance of my time.

Mr. PRICE of Georgia. Mr. Chairman, I claim the time in opposition, though I am not opposed to the amendment.

PARLIAMENTARY INQUIRIES

Mr. FRANK of Massachusetts. Parliamentary inquiry, Mr. Chairman.

The CHAIR. The gentleman is recognized for his parliamentary inquiry.

Mr. FRANK of Massachusetts. I am in opposition to the amendment. Does that give me priority in claiming the time?

The CHAIR. The time in opposition is reserved for an opponent of the amendment.

Mr. FRANK of Massachusetts. I am an opponent of the amendment.

Mr. PRICE of Georgia. Mr. Chairman, parliamentary inquiry.

The CHAIR. The gentleman from Georgia is recognized.

Mr. PRICE of Georgia. If I claim the time in opposition, does the minority have the right to claim that time?

The CHAIR. It is the discretion of the Chair to recognize for the time in opposition someone truly opposed to the amendment. However, in exercising that discretion, the chair might consider balance in the control of time for debate.

Mr. FRANK of Massachusetts. Mr. Chairman, I would respond this way. I think fairness on an important issue

requires that there be a balanced debate. The gentleman previously said he was not in opposition. Neither was I. I did not try to claim the time. But I believe the spirit of parliamentary debate is vitiated if there are two proponents and no opponent. The rule calls for an opponent and a proponent. I claimed the time. The gentleman has said he was not in opposition to it, and I am. I do believe in fairness, and I believe fairness requires that it be a balanced debate.

Mr. PRICE of Georgia. Parliamentary inquiry.

The CHAIR. The gentleman from Georgia will state it.

Mr. PRICE of Georgia. Does the chairman of the committee not have time available to him on general leave?

The CHAIR. Not time for debate.

Mr. BACHUS. Mr. Chairman, would the gentleman who is controlling the time yield to the ranking member?

The CHAIR. The gentleman from Georgia does not control the time. The gentleman has not been recognized for control of the time nor has the gentleman from Massachusetts. The chair is responding to a parliamentary inquiry.

The gentleman from Georgia is recognized for the purpose of his parliamentary inquiry.

□ 1630

Mr. PRICE of Georgia. Mr. Chairman, I claim the time in opposition.

PARLIAMENTARY INQUIRY

Mr. FRANK of Massachusetts. Mr. Chairman, parliamentary inquiry.

The CHAIR. The gentleman will state his inquiry.

Mr. FRANK of Massachusetts. The gentleman has said he is not in opposition, so how could he get the time in opposition preferred over someone who is in opposition?

The CHAIR. The gentleman from Georgia has stated that he is opposed.

Mr. FRANK of Massachusetts. Point of order, Mr. Chairman. The gentleman from Georgia, 2 minutes ago, said he was not opposed. I don't think the conversation was that rapid. He said he was rising in opposition even though he was not in opposition. He clearly stated that.

The CHAIR. The Chair will take the gentleman from Georgia at his word.

The gentleman from Georgia is recognized for 5 minutes in opposition to the amendment.

Mr. PRICE of Georgia. Mr. Chairman, I would point out that the amendment is a curious one. It points out the challenge that we have when we march down this path of a political economy—where Members of Congress are deciding specific items for private enterprises and where the Secretary of the Treasury is about to be given remarkable authority, whether it is retroactive or prospective. That is why many of us on our side of the aisle oppose this kind of launch into a political economy where the government controls winners and losers from the very beginning.

If, in fact, the challenge were to protect taxpayers, as our friends on the other side of the aisle say, if Democrats were so eager to protect taxpayers, then why would they not commit to ending taxpayer-subsidized bailouts? That is the simple solution to all of this, Mr. Chairman.

The reason we are here in this circuitous logic of Washington is that the taxpayers are benefiting private industry. The solution to this, Mr. Chairman, is to make it so we are not putting taxpayer liability, hard-earned taxpayer money, on the table for private industry.

Why don't they guarantee that they will not provide the Treasury with any more TARP funds for the future?

POINT OF ORDER

Mr. NADLER of New York. Point of order, Mr. Chairman.

Mr. PRICE of Georgia. Why don't they encourage the Treasury to produce—

The CHAIR. The gentleman will suspend.

The gentleman from New York will state his point of order.

Mr. NADLER of New York. The gentleman from Georgia obtained the floor in opposition after stating that he was not opposed and then stating that he was opposed. We have not heard a word of opposition to the amendment. We have heard some skepticism about the bill, but we have not heard a word about opposition to the amendment. I think, as a matter of order, that we are entitled to hear opposition to the amendment so I can make up my mind on this amendment.

Mr. PRICE of Georgia. Point of order, Mr. Chairman.

The CHAIR. The gentleman is recognized for his point of order.

Mr. PRICE of Georgia. As a matter of fact, had the gentleman been listening to my debate, I pointed out, whether it was prospective or retrospective, that it was a bad idea for this Congress to adopt because it further launches us down the road of a political economy.

Mr. NADLER of New York. That is not in opposition to the amendment. That is in opposition to the bill.

The CHAIR. The chair discerns no cognizable point of order. The gentleman from Georgia has been recognized for the purposes of opposition to the amendment.

The gentleman from Georgia may continue.

Mr. PRICE of Georgia. May I inquire as to the time remaining?

The CHAIR. The gentleman from Georgia has 3½ minutes remaining. The gentleman from New York has 1 minute remaining.

Mr. PRICE of Georgia. Mr. Chairman, as I was saying, if our friends on the other side of the aisle were so enamored with wanting to protect the taxpayer, why wouldn't they encourage the Secretary of the Treasury and the Treasury Department to produce an exit strategy to this launch into a political economy that stifles creativity,

that stifles entrepreneurship, that stifles vision, that stifles the very vitality of the American system, a system that has created more opportunity and more success for more individuals than any Nation in the history of mankind?

Mr. Chairman, I would suggest that this amendment and others to this bill, to the underlying bill, are a launch in the wrong direction whether we are talking about prospective or retrospective activity on this amendment.

I am pleased to yield to my friend from Alabama for the remainder of our time.

Mr. BACHUS. Mr. Chairman, the gentleman who offered this amendment expressed some reservations about the underlying bill in that it would affect employees and executives who were not at fault and who, in some cases, did not ask for the money.

In the interest of fairness, I would like to hear from the chairman of the full committee as to whether or not he shares the gentleman's reservations and my reservations also. I would yield to the chairman.

Chairman FRANK, a member of the majority on your committee expressed strong reservations about this bill and about it affecting all employees.

At this time, I would like to yield the remaining amount of time to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. How much time is remaining that has been yielded to me?

The CHAIR. The gentleman from Georgia has 2 minutes remaining and I understand that the gentleman from Alabama has yielded that 2 minutes to you, Mr. Chairman.

The gentleman from New York has 1 minute remaining, and reserves the right to close.

Mr. FRANK of Massachusetts. I thank the gentleman from Alabama for a sense of fairness that I wish had been more present in the House.

We are here, talking about retroactivity. Again, this raises the central issue. People on the Republican side have been objecting to a provision added in the recovery bill that says "no retroactivity." This does that again, so I don't understand. If people are genuinely opposed to the amendment added to the recovery bill, they cannot consistently be supportive of this amendment. The principle is the same.

Is the principle of no retroactivity a terrible abuse of the taxpayer or is it a matter of fairness? It cannot be both.

So Members who vote for this amendment are voting to ratify what was done in the recovery bill. If it passes, then people will not be able to argue that the recovery bill, without giving Members a chance to vote, took away an important part of the restriction, because that is the question. It is more than retroactivity in that sense. Although, the gentleman did want to modify the amendment, and I didn't think, at this late date, that that was appropriate. It even would allow some

restriction on what you could do going forward depending on when people took the TARP money.

It says this would only apply as written—and I know the gentleman wanted to modify it. If you now have TARP money and do not refuse it, you are not covered by this. The amendment says, if you now have TARP money and decide to keep it, you are not covered by this. It is far too broad. It is broader even than the retroactivity. It says only those companies that now decide to take an infusion under TARP will be restricted. I know the gentleman wanted to change it at the last minute. I didn't think that was appropriate at the last minute.

The other part of it is this: The gentleman says he wants to protect anything already done. He wants to ban retroactivity. That is precisely what has gotten everybody excited about what the Senate put into the recovery bill.

Mr. SHERMAN. Mr. Chairman, I ask unanimous consent that the time on the amendment be extended on both sides by 30 seconds.

The CHAIR. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIR. The Chair recognizes the gentleman from New York.

Mr. MEEKS of New York. I recognize the gentleman from California for 30 seconds.

Mr. SHERMAN. I thank the gentleman.

Mr. Chairman, I would point out that the amendment, as written, means that the bill does not apply to any company that has already received a TARP infusion of capital. It applies only to those who receive infusions of capital in the future. The Treasury Secretary has announced that he is not going to make any infusions of capital in the future. He is going to use the TARP money for a completely different program. So the effect of the amendment is to gut the bill.

Mr. MEEKS of New York. The bill does not mandate it, and the sole purpose of this bill is as I indicated.

At one point, the President said we should be thoughtful and careful as we move forward, and I don't believe, in order of fairness, that in the middle of a game we can change the rules. Therefore, once the game is completed, then we should change the rules. I just think that there are ordinary people, not executives, who are affected by the bill.

I have talked to people in my district who are depending on certain funds and on certain contracts that were written before we got into the TARP money, and they need that to pay their mortgages. When you look at the effects on the City of New York, the mayor of the city has said, in the past 2 years, the firms on Wall Street have reported losses of more than \$54 billion and may eventually lay off one quarter of their workforce. While the financial services

sector directly employs only about 9 percent of our city's private sector, it accounts for more than one-third of its payroll, and those individuals in ancillary businesses therein are affected. Therefore, I am just trying to take care of those average, everyday Americans.

The CHAIR. The time of the gentleman has expired.

Mr. PRICE of Georgia. Mr. Chairman, I understand I have 30 seconds.

The CHAIR. The gentleman is correct.

Mr. PRICE of Georgia. I am pleased to yield my 30 seconds to the chairman of the committee.

Mr. FRANK of Massachusetts. I appreciate that, and I would emphasize the point made by the gentleman from California, which is, as drafted, the amendment would say that people who have had billions of dollars in TARP money are not covered by this amendment. Billions of dollars.

The question of the average worker is a bit of a straw employee. No one is talking about getting to that level, and that has not been the problem, but if you talk only about the top executives, AIG gave bonuses to hundreds of people. I don't believe anyone thinks secretaries are getting excessive and unreasonable amounts of money or huge bonuses.

Again, if you vote for this amendment, you are removing the debate about the part of the recovery bill that says no retroactivity.

The CHAIR. The question is on the amendment offered by the gentleman from New York (Mr. MEEKS).

The amendment was rejected.

AMENDMENT NO. 4 OFFERED BY MS. BEAN

The CHAIR. It is now in order to consider amendment No. 4 printed in House Report 111-71.

Ms. BEAN. Mr. Chairman, I rise in support of the amendment that I have authored with my colleague from New York, Congressman McMAHON.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Ms. BEAN:

In subsection (e) of the matter proposed to be inserted by section 1(a) of the bill, redesignate paragraph (3) as paragraph (4) and insert after paragraph (2) the following:

“(3) CONDITIONAL EXEMPTION.—

“(A) REPAYMENT AGREEMENT.—Paragraph (1) shall not apply to a financial institution that has entered into a comprehensive agreement with the Secretary to repay the United States, in accordance with a schedule and terms established by the Secretary, all outstanding amounts of any direct capital investment or investments received by such institution under this title.

“(B) DEFAULT.—If the Secretary determines that an institution that has entered into an agreement as provided for in subparagraph (A) has defaulted on such agreement, the Secretary shall require that any compensation payments made by such institution that would have been subject to paragraph (1) if the institution had not entered into such an agreement be surrendered to the Treasury.”.

The CHAIR. Pursuant to House Resolution 306, the gentlewoman from Illinois (Ms. BEAN) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Illinois.

Ms. BEAN. Mr. Chairman, like many of our colleagues and constituents, we were outraged by bonuses paid to those who brought down AIG and the economy along with it.

Today's bill allows the Secretary of the Treasury to disallow unreasonable bonuses to employees of TARP recipients. Our amendment recognizes, as did Ranking Member BACHUS's just a few minutes ago, that some financial institutions who did participate in the TARP program did so because they were asked to by the Treasury or wanted to provide additional loans, not because they needed it or had failed in their businesses. While they expected compensation limits for top executives, they did not expect to be disallowed from providing bonuses company-wide.

The underlying bill allows for an institution to be free from the bonuses and compensation restrictions once it returns the entire direct Federal investment back to the government. This carries the risk of unintended consequences that could harm the very taxpayers we seek to protect.

First, if major financial institutions seek to exempt themselves from these restrictions by returning all of the Federal Government's TARP investment at once, they may need to raise capital through a major sell-off of equities or other assets. This kind of pressure on the market was a big contributor to the market crash last fall, and we should seek to avoid turning back the clock.

Second, if they were to pay back too quickly, their financial well-being could be jeopardized and could add instability to our credit markets.

This amendment is a commonsense approach, excepting companies who adhere to a repayment program as defined by the Treasury.

Over 500 financial institutions have received a direct capital investment up to this point. Four major institutions have begun to pay back their TARP investments, and many hope to do so making taxpayers whole again. Forcing institutions to return the money at once could decrease lending significantly and could further destabilize our economy. At the same time, those companies that do not agree to a repayment plan would be subject to bonus limits on unreasonable bonus payments.

I now would like to yield 2 minutes to Congressman McMAHON from New York.

Mr. McMAHON. Mr. Chair, I rise in support of this amendment which I offer along with my esteemed colleague from Illinois, Congresswoman BEAN.

Like all Americans, I was appalled at the bonuses from AIG. These bonuses were wrong in so many ways, and anyone with any sense of the frustrations

and of the challenges that average Americans are facing knows these bonuses could not pass the smell test, but we must be thoughtful and measured.

Mr. Chair, we know the government has to play a role to keep our financial institutions solvent.

□ 1645

A bank failure of the size of some of our largest institutions would reverberate throughout the economy with the cascading effect not only on depositors but would greatly affect the ability of individuals to access credit. In my city of New York, these institutions also mean jobs, hundreds of thousands of them from the trading floors to the restaurants and the car services. We are intrinsically linked to the success of this industry, and I want to see it recover.

Our amendment is simple. When an institution which took TARP funds starts to pay back the TARP funds, we will lift these restrictions on pay. Merit bonuses are an important part of employee compensation in the financial services industry. And I know it is also important to my city because we are dependent on the income from the bonuses to pay for critical municipal services. They directly help to put teachers in schools, cops on the street, firefighters in the firehouses.

This amendment is an incentive for these companies to get back their financial health. Once companies that receive TARP funds start repaying the TARP funding, we will lift these restrictions. If you continue to repay, you will have the ability to reward longevity and performance with bonuses. If for some reason you stop repaying, then you fall under these restrictions of this bill.

All of us want to see the U.S. taxpayers made whole. This gives an incentive to the employees who are working at these companies trying to right the ship to know that when they turn their company around and pay back the taxpayer, they will be justly and fairly rewarded as well.

For these reasons, I urge my colleagues to support the Bean-McMahon amendment.

Mr. FRANK of Massachusetts. Mr. Chairman, I rise to claim the time in opposition.

The CHAIR. The gentleman from Massachusetts (Mr. FRANK) is recognized for 5 minutes.

Mr. FRANK of Massachusetts. Mr. Chairman, I would say by explanation I have consulted and I appreciate the cooperation of the members of the minority. The minority is not opposed to this bill. I am not opposed to the next amendment that's going to be offered. So we've agreed to take 5 minutes each, and I think we then have worked everything out so that on the next one, we will get an equality of time and there will be real opposition. And I appreciate the accommodation that the members showed in reaching this.

I understand the principle because it's one we have in the bill, but the

question is on which end do you wait? The gentlewoman has suggested that people would want to pay it and they can't get it all paid at once, and that's true, and therefore, they should immediately be removed from the restrictions. But the alternative is this: They announced they are going to pay it, they plan to make the compensation adjustments, and they pay them—they simply defer them for a couple of months. In other words, it seems to me there are two possible arguments.

One is that the repayment period would be a very long period, in which case I wouldn't want there to be a tolling of the provision. The other is that the repayment period will be a fairly short period, in which case it's only a short period to have to wait until they pay the bonuses.

So I think that is a better way to deal with it. It is not an unreasonable position. The question is where do you do the risk.

This way they say we're going to repay, they do a repayment schedule, and as soon as they repay, they can make those payments. In other words, the entity that determines how long it will be is the repaying entity.

I think the good legal principle is it's the entity that controls the timing that bears the burden of a delay. If they delay too much, then they have a problem. If they do it promptly, then they don't have a problem because they can make the payments. And I do think with all the other burdens that you put on the secretary—and then I guess the other question is well what if people say they are going to repay, and for some reason they aren't able to make the scheduled payments. Do they have to rescind the bonuses? Do we get into that again?

So I would prefer to leave it as we have now. People can announce they're going to repay and the more quickly they repay, the more quickly they can make those payments, and there is nothing that stops them from telling people. By the way, we plan to repay, and as soon as we do, you'll get this raise, you'll get this bonus. I think that is a better way to go.

I reserve the balance of my time.

Ms. BEAN. Mr. Chairman, can I ask how much time I have left?

The CHAIR. The gentlewoman has 1 minute remaining.

Ms. BEAN. I will reserve.

The CHAIR. The gentleman from Massachusetts has 2½ minutes remaining.

Mr. FRANK of Massachusetts. Who has the right to close?

The CHAIR. The gentleman from Massachusetts has the right to close.

Mr. FRANK of Massachusetts. I have one remaining speaker, so I will reserve my right to close.

Ms. BEAN. Mr. Chairman, in response I would say that it's the Treasury that gets to decide what type of repayment plan, whether that's a long repayment or a short repayment. We had considered putting a monthly or

quarterly limit on it, maybe six quarters on it, but I would trust the Treasury's judgement to make sure that it would be done in a way that doesn't destabilize our markets.

And with that, I will yield back.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield my remaining time to the gentleman from California, Mr. SHERMAN.

Mr. SHERMAN. I thank the Chairman.

I think a lot of us would like companies to repay the TARP money as quickly as possible. I think that's true of those who voted against the bill, and I think it's true of many of those who voted in favor of it. And I might support this amendment if it was one that required companies to repay in a 6-month schedule, or a 1-year schedule.

But this amendment allows companies to escape all the provisions of the bill just by entering into a schedule of repayment that could be a 10-year schedule or a 15-year schedule. And I don't think that a company should be able to escape the bill just by repaying us the money over the next 10 or 15 years. After all, all of the companies who got the TARP money are supposed to be repaying it; many of them in a shorter period than over the next 10 or 15 years.

Fairness would say that we should not treat a company that's repaying us over a 15-year schedule differently than a company that has not entered into a particular repayment schedule.

So I would hope that we would defeat this amendment because the amendment, as written, would allow a large number of companies to escape the effect of the bill without doing much more than making a few monthly payments, potentially of a very small amount.

As to the issue of retroactivity, there is much discussion over what happened in the Senate, but here in the House, we didn't vote for this version of the Dodd amendment or that version of the Dodd amendment. We just had the conference report before us.

Those of us who voted "yes" on the conference report at least voted for a provision that would prevent crazy bonuses in the future. And there are many Members—in fact, the entire Republican side of the House who voted against the stimulus bill. That means they voted against a provision that would prevent huge \$6 million AIG bonuses in the future. And their only excuse is, well, they would have hoped for an amendment that would have prevented the bonuses in the past.

When a bill comes before us that would prevent \$6 million bonuses from being paid to AIG executives in the future, and you vote against the bill, it is a very small fig leaf to say that you are nonetheless opposed to excessive bonuses.

The CHAIR. The question is on the amendment offered by the gentleman from Illinois (Ms. BEAN).

The question was taken; and the Chair announced that the yeas appeared to have it.

Ms. BEAN. Mr. Chairman, I demand a recorded vote.

The CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Illinois will be postponed.

AMENDMENT NO. 5 OFFERED BY MR. BILIRAKIS

The CHAIR. It is now in order to consider amendment No. 5 printed in House Report 111-71.

Mr. BILIRAKIS. Mr. Chairman, I have an amendment at the desk.

The CHAIR. The Clerk will report the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Mr. BILIRAKIS:

In subsection (e)(1) of the matter proposed to be inserted by section 1(a) of the bill, in the matter following subparagraph (B), strike "Provided that" and all that follows through "under the TARP" and insert "An institution shall not become subject to the requirements of this paragraph as a result of doing business with a recipient of a direct capital investment under the TARP or under the amendments made by the Housing and Economic Recovery Act of 2008".

The CHAIR. Pursuant to House Resolution 306, the gentleman from Florida (Mr. BILIRAKIS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Florida.

Mr. BILIRAKIS. Mr. Chairman, I yield myself as much time as I may consume.

Mr. Chairman, this Congress has an obligation to protect taxpayers. The \$590 billion that was handed to Wall Street firms does not belong to Wall Street. That money is the property of the American people. The fact that I voted against the TARP legislation is no excuse for me to wash my hands of the matter. I have a duty to my constituents and to the American taxpayers to do everything in my power to protect their investment.

H.R. 1664 will impose restrictions on TARP recipients who refuse voluntarily to change their excessive compensation practices. However, those firms that are not receiving taxpayer dollars who directly engage in business with a TARP recipient must be assured they will not find themselves falling within the compensation restrictions of this bill.

The bill, as written, recognizes this and states that a company that did business with a recipient of TARP funds will not be subject to the requirements of the bill. This language gives assurance to the non-TARP recipients that it is safe to do business with those firms on taxpayer life support, which is vitally important to protect taxpayer investments.

However, this same language in the bill has the potential to inadvertently let most, if not all, TARP recipients off the hook.

For example, Goldman Sachs is a TARP recipient and has engaged in business with AIG, another TARP recipient. Since Goldman Sachs does business with a recipient of TARP moneys, then by the terms of the lan-

guage of the bill, Goldman Sachs will no longer be subject to the requirements of the bill. And for that matter, AIG will not be subject to the requirements of the bill because AIG does business with Goldman Sachs which is a TARP recipient.

As you can guess, virtually all of the largest TARP recipients have done business with each other and therefore will escape the compensation restrictions of H.R. 1664 if this language is not corrected.

My amendment solves this problem by clarifying the language in the bill to eliminate the possibility of this unintended result.

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. BILIRAKIS. Yes, I will yield.

Mr. FRANK of Massachusetts. I understand the gentleman from Georgia is going to take the time in non-opposition. I want to thank the gentleman from Florida for bringing this forward. It is important that we have this totally nailed down. Ambiguity is to be avoided at all costs, and he's performed a useful service with this amendment.

Mr. BILIRAKIS. Mr. Chairman, I reserve the balance of my time.

Mr. PRICE of Georgia. Mr. Chairman, through a previous understanding, I claim the time in opposition, though I am not opposed.

The CHAIR. Without objection, the gentleman from Georgia is recognized for 5 minutes.

There was no objection.

Mr. PRICE of Georgia. Mr. Chairman, I want to commend my friend from Florida for his appropriate reading of the bill and appropriate correction through this amendment in clarifying that TARP recipients will not be subject to the requirements as a result of doing business with a TARP recipient.

I would suggest, however, Mr. Chairman, that the reason that it feels so peculiar, this whole debate feels so peculiar is because the American people know that the reason we're standing here today is because we went beyond the bounds of what government ought to be doing. And so my friend from Florida recognizes an appropriate flaw in the underlying bill and has appropriately corrected it by his amendment.

But, Mr. Chairman, the real flaw is the action that this Congress has taken and this administration, and Mr. Chairman, the previous administration in moving our Nation into an economy that is no longer market-based but is politically based. That is a very dangerous place to be.

So I want to commend my friend from Florida for what he has done for his amendment.

I urge my colleagues to support this amendment.

I yield back the balance of my time.

Mr. BILIRAKIS. Mr. Chairman, I strongly recommend that the Members vote favorably on this very important amendment.

I yield back the balance of my time.

The CHAIR. The question is on the amendment offered by the gentleman from Florida (Mr. BILIRAKIS).

The amendment was agreed to.

□ 1700

AMENDMENT NO. 6 OFFERED BY MR. DEFAZIO

The CHAIR. It is now in order to consider amendment No. 6 printed in House Report 111-71.

Mr. DEFAZIO. I have an amendment at the desk.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. DEFAZIO:
At the end of the bill insert the following:
(c) SHAREHOLDER APPROVAL OF EXECUTIVE COMPENSATION.—Subsection (f)(2) of section 111 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5221) is amended—

(1) by striking “shall not be binding” and inserting “shall be binding”; and

(2) by striking “and may not be construed” and all that follows and inserting “and any compensation payment arrangement not approved by such a vote may not be entered into by the TARP recipient.”.

The CHAIR. Pursuant to House Resolution 306, the gentleman from Oregon (Mr. DEFAZIO) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Oregon.

Mr. DEFAZIO. I rise in support of the bill, and I'm very favorable to the say-on-pay provision. I'm going to propose that we actually add to that provision, but first, I've been a bit bemused by the debate today and listening from my office to hear from the Republican side that they're saying, well, it's the Democrats' fault that there aren't more meaningful restrictions, but we're against these meaningful restrictions. So I'm going to give them a chance here to maybe be a little more consistent because I'm going to offer a free-market approach to enhancing protections for stockholders and taxpayers against excessive corporate executive remuneration. It's a free-market approach, and it's also a democratic approach because it would allow the owners of the company, the stockholders, to cast not just an advisory vote but a binding vote on corporate compensation.

Now, I know we're going to hear concerns about this, and perhaps again they will be extraordinarily inconsistent on their side of the aisle, bemoaning the fact that we didn't do this earlier but not wanting to do it now in a more meaningful way.

But the issue here is very real. The growth in corporate compensation has been extraordinary. We've gone from a 40:1 ratio to the average worker 25 years ago to nearly 400:1 in many cases now, and Americans are justifiably outraged, and they're particularly outraged when it's sometimes now their taxpayer money which is going to support these lavish lifestyles.

We have examples of some corporations that have recently gone to binding votes. NBIA after a rather disas-

trous year has gone there. You can expect that their stockholders are going to be a little cranky about the corporate compensation. Carl Icahn supports this provision. And the Netherlands has adopted this. In the Netherlands, the way it works is it's prospective. The next year's salary package has to be approved by the stockholders in a vote.

Now, the bill does refer, the provision regarding say-on-pay, to the SEC, and I would leave that intact so it would be up to the SEC to figure out how this might work. Perhaps there's already an egregious pay package in effect and voting against a prospective package wouldn't even get at the underlying—I can understand that some people would say that this needs a little work, but I trust the SEC to get there.

With that, I yield to the chairman.

Mr. FRANK of Massachusetts. I thank the gentleman for yielding.

He's raised a very important issue. My attitude on this amendment is almost certainly yes but not yet. He's raised some of the questions. There's a little bit too much to give to the SEC. They will ultimately have to administer it. I would give him my word—he remembers he voted for it in 2007, the say-on-pay bill, when we first brought it in the House. It was then advisory. I believe it is time to consider going further and as part of the whole corporate governance, because an alternative is to simply empower the shareholders more to have real control of the board.

So I intend to vote “no” now with the commitment to the gentleman from Oregon that this will be seriously studied in our committee later this year.

Mr. DEFAZIO. With that, I reserve the balance of my time.

Mr. PRICE of Georgia. Mr. Chairman, I claim the time in opposition.

The CHAIR. The gentleman from Georgia is recognized for 5 minutes.

Mr. PRICE of Georgia. Mr. Chairman, as one amendment after another continues to show, this is a very dangerous road we're on, and I would underscore that for this amendment.

This amendment fundamentally undermines the purpose of a board of directors. This says that the shareholders, the owners of the company, will set the compensation for individuals not at the board of directors level but on down in the company.

Now, why should we stop there, Mr. Chairman? Why should the shareholders not decide where the corporate headquarters is? Why should the shareholders not decide, in a binding way, what type of business endeavor the company goes into, whether it expands into this area or that area? Why should the shareholders not decide on any employment decision?

Well, Mr. Chairman, the answer is very clear, and that is because that's not the way to retain whatever remnant we have left of a vital American economic system.

My friend cites the nation of the Netherlands, the European companies.

Mr. Chairman, there's a reason that the American economy has been the greatest economy in the world, and that's because of the structure that we have that allows shareholders to participate in appropriate, nonbinding decisions.

What are their options as shareholders if they don't like the way a company is running? Well, they have two, and you know what they are, Mr. Chairman. They could vote “no” or vote for a different board of directors, which is their direct input into the running of the company, which gives it that vitality and that vibrancy. Mr. Chairman, they can sell their shares. That's the beauty of the system.

My friend from Oregon wants to have the shareholders be not just the owners but the managers of the company. You talk about dampening the vitality and the spirit of the American entrepreneur. You talk about inserting into the board of directors' room a situation where you can't begin to expand in a way that you ought to expand. You can't begin to grow your business in the way that you want because the next step from here, Mr. Chairman, is to move it on to further discussions and debates and decisions within the board of directors.

Mr. Chairman, this is truly a very poor idea. It's an idea that this Congress should not embrace. It's an idea that, again, further gets us down to the Congress deciding in a very political way who ought to be winners and losers. You can just imagine the logical extension of the waywardness of this kind of amendment.

So I urge my colleagues to vote “no” on the amendment.

I reserve the balance of my time.

Mr. DEFAZIO. I believe I have the right to close. Does he have further speakers?

The CHAIR. The gentleman from Georgia has the right to close.

Mr. DEFAZIO. Okay. Well, then I yield myself the balance of my time.

The gentleman refers to the board of directors. He's apparently not particularly conversant with how those elections are set up so that it is extraordinarily difficult to nominate and/or replace anyone on boards of directors the way most corporate governance is set up.

You know, it's amazing to me that somehow those who have a direct interest, Americans who own the stock, they should just sell their stock. Well, maybe their stock's worth half what it was last year because of crummy management, and he says, well, just sell your stock because they lost half your money and let the CEO still get an exorbitant salary. Come on, is that a good decision? No.

The other alternative would be to actually allow the owners, in what I think is a fairly well-accepted form of government in the United States of America, those people to actually vote in a meaningful and binding way, as opposed to an advisory way, to a board

of directors who are all first cousins, who all serve on each other's boards, and all feather each other's nests and all compensate themselves very well. Come on, we all know how this works.

If you want to just stick up for the current system, then stop this sort of bifurcated argument, oh, the Democrats are really bad because they didn't do this earlier, and it was in another bill that could have been or should have been but we don't want to do it now, and we don't want to do it in a meaningful way. That's where the Republicans are coming down here, and I find it to be a most disingenuous argument.

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

Mr. PRICE of Georgia. Mr. Chairman, what time remains?

The CHAIR. The gentleman from Georgia has 2 minutes remaining.

Mr. PRICE of Georgia. The gentleman, the author of the amendment says that it's difficult to vote on board of director elections. Well, it may be a little challenge to fill out a form that comes in the mail. It may be a bit of a challenge to get to headquarters to vote, but in fact, that's the way that shareholders have their input, and it's an appropriate way.

And the real response to his dilemma, his concern, is that if 50 percent, plus one, of the shareholders vote a member of the board of directors out, that member of the board of directors is gone, and therefore, there's the accountability. And that's imperative that we retain that.

What does this amendment mean? This amendment means, again, that the shareholders become not just the owners of the company but the managers of the company. And that's, again, Mr. Chairman, not the way that you allow and create a vibrant and incisive and wonderful entrepreneurial spirit across this land that has resulted in the remarkable success of the American economy.

What this amendment means is that pension plans and retirement plans are put at risk because if we allow shareholders to become not just owners of companies but managers of companies, then the result will be that companies will not be able to institute the kind of wonderful opportunities for their businesses and, hence, their shareholders.

So I urge my colleagues not to march further down this road. This is a road upon which we should not be; but, Mr. Chairman, we find ourselves moving headlong in the direction of greater governmental intervention into the private industry in a very dangerous way.

I urge my colleagues to oppose this amendment.

I yield back the balance of my time.

The CHAIR. The question is on the amendment offered by the gentleman from Oregon (Mr. DEFazio).

The amendment was rejected.

AMENDMENT NO. 7 OFFERED BY MRS. DAHLKEMPER

The CHAIR. It is now in order to consider amendment No. 7 printed in House Report 111-71.

Mrs. DAHLKEMPER. I have an amendment at the desk.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mrs. DAHLKEMPER:

In subsection (e)(1)(B), of the matter proposed to be inserted by section 1(a), insert after "payment" the following: "whether payable before employment, during employment, or after termination of employment,".

In subsection (e), of the matter proposed to be inserted by section 1(a), add at the end the following new paragraph:

"(4) COMPENSATION CONSIDERATIONS UNDER THE STANDARDS.—In establishing standards under this subsection, the Secretary shall consider as compensation any transfer of property, payment of money, or provision of services by the financial institution that causes any increase in wealth on the part of an executive or employee."

The CHAIR. Pursuant to House Resolution 306, the gentlewoman from Pennsylvania (Mrs. DAHLKEMPER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Pennsylvania.

Mrs. DAHLKEMPER. Mr. Chairman, I yield myself such time as I shall consume.

Mr. Chairman, I rise today to offer an amendment to H.R. 1664 to clarify and strengthen key provisions within this important legislation that provides crucial protection for taxpayer dollars.

I strongly support H.R. 1664, legislation that prohibits ANY institution that has received a direct capital investment under TARP from paying any employee compensation that is "unreasonable or excessive." It also prohibits any bonus or payment that is not directly based on performance-based standards set by the Treasury Secretary. My constituents are demanding accountability from financial institutions that are receiving taxpayer assistance.

The amendment that I offer to you today speaks on behalf of those demands by closing loopholes that may exist in order to protect taxpayers as TARP-funded companies allocate bonuses to their employees. It specifies that H.R. 1664 includes payments made before, during, or after employment of the executive by the financial institution receiving a direct capital investment under the TARP section 1117 of the Housing Economic Recovery Act of 2008.

Furthermore, my amendment helps to clarify that prohibited executive compensation for purposes of this bill may take the form of money paid, property transferred, or services rendered.

There are many possible forms of compensation, and indeed, there's a virtual industry which specializes in nurturing this diversity. This amend-

ment affirms the intent of H.R. 1664 by taking a very comprehensive view of the concept of executive compensation and, in turn, possible prohibited executive compensation.

Mr. Chairman, like most of my colleagues on both sides of the aisle, my district has been hit especially hard by this economic downturn. Traveling across my district, I have heard the same story from far too many middle-class families about how they're bearing the brunt of a faltering economy. In fact, many of my constituents who have worked hard and played by the rules have had to take a pay cut simply to keep their job.

Various small businesses across my district have had to make some hard choices. Many have had to reduce their workforce. Executives and workers alike have had to take sometimes up to 20 percent reductions in their income, while others have had to reduce their work week to 4 days.

As a small business owner myself, I understand firsthand that the small business community is struggling just to keep employees on the payroll and the lights on at the end of the day.

Mr. Chairman, my constituents work hard and meet their responsibilities every day. And their hard-earned tax dollars are being used to bail out companies, some of which were responsible for the economic downturn we have today. What they ask for in return is accountability, transparency, and to play by the same rules as everybody else.

The purpose of this legislation before us is to set up an operating framework to give taxpayers the confidence that the irresponsible actions of some of the bad actors will not be repeated again. The purpose of my amendment is to offer additional clarity to that end. All excessive bonuses at taxpayer expense are prohibited regardless of when the executive worked at the company. All excessive bonuses at taxpayer expense are prohibited regardless of what form they take.

Mr. Chairman, I came to Congress to represent the interests of my constituents on Main Street. That means putting in place important protections to safeguard taxpayer dollars. That's why I'm offering my amendment today.

I thank the chairman for working with me on developing this amendment and for his leadership, and that's why I urge a "yes" vote on my amendment.

I reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I rise to claim the time in opposition.

The CHAIR. The gentleman from Alabama is recognized for 5 minutes.

Mr. BACHUS. I yield myself 4 minutes and also ask the sponsor of the amendment if she would remain on the floor because I have a question for her, and also the gentleman from New Jersey has a question.

□ 1715

Mr. BACHUS. Mr. Chairman, the underlying bill applies to any executive

or employee of these companies. The amendment by Mrs. DAHLKEMPER defines payment as payment before employment, during employment, or after termination of employment, which almost appears to be almost a cradle-to-grave period of time.

Having said that, I have got specific concerns. I'd like to engage in a colloquy with the gentlelady from Pennsylvania about her amendment.

Would your amendment enable the Treasury Secretary to establish compensation standards for employees after they retire?

Mrs. DAHLKEMPER. If this is excessive, any time before or after.

Mr. BACHUS. So he could determine that any payment after they retire was excessive or unreasonable?

Mrs. DAHLKEMPER. Yes, it does.

Mr. BACHUS. Would those standards include retirement plans, pension plans, and retiree medical benefits provided by the company?

Mrs. DAHLKEMPER. Only while the investment is outstanding, if it's in violation of the rules.

Mr. BACHUS. You mean the Treasury Secretary could limit retirement benefits, pension benefits, and their medical benefits?

Mrs. DAHLKEMPER. If it's in violation of the rules.

Mr. BACHUS. If he thinks it's a violation. All right. Your amendment requires the Treasury Secretary to consider any increase in wealth on the part of the executive or employee as compensation. Would the gentlelady please provide what her definition of wealth is? Would wealth include retirement plans, pension plans, medical benefits?

Mrs. DAHLKEMPER. Yes, it does.

Mr. BACHUS. It does. In other words, the Secretary of the Treasury would have what I would consider sweeping rights to limit retirement benefits, medical benefits, and pension plans for any and all employees if he deemed that they were unreasonable or excessive or more than he deemed proper. Is that correct?

Mrs. DAHLKEMPER. If they're unreasonable and excessive.

Mr. BACHUS. The gentlelady understands that you're giving sole discretion to a few people to determine whether someone—in other words, all employees' pension, health, or retirement benefits are excessive. Is that what the gentlelady intended to do? That's what her amendment does.

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. BACHUS. I yield.

Mr. FRANK of Massachusetts. In fairness to the gentlewoman, she's amending into the base of the bill. There had been a notion that you just did the top executives. AIG made it clear there could be hundreds of people covered.

Yes, I trust no Secretary of the Treasury that I've ever seen would say that a cost of living or even salary increase—but it does cover all employees

because, as I said, the AIG and other experiences show hundreds of employees could be involved.

Mr. BACHUS. I understand what the chairman is saying. But this bill applies to all these financial institutions. I believe this is a sweeping definition of compensation.

The CHAIR. The time of the gentleman has expired. The gentleman has used 4 minutes of his 5 minutes.

The gentlewoman from Pennsylvania has 1½ minutes remaining.

Mrs. DAHLKEMPER. Mr. Chair, I think this is just a straightforward amendment that is basically closing loopholes. I urge a "yes" vote on this.

Mr. FRANK of Massachusetts. Will the gentlewoman yield to me?

Mrs. DAHLKEMPER. I yield.

Mr. FRANK of Massachusetts. Let me respond to the gentleman from Alabama. It does close loopholes. Golden parachutes are a form of retirement. We have cases where executives after retirement get the use of airplanes, get the use of other things. And it is true that it has only been executives. We have no contemplation that anybody would use this for lower level, average employees. But if you limit it to 5 executives, 10 executives in some of these large companies, yes, you do invite problems. And it would be a very easy thing to do to say, Okay, we're only going to give you this now, but once you retire, we'll give you all the extra money we couldn't give you in the first place. It is certainly the case that oversized retirement packages to a handful of favored employees has been a part of the problem.

Mr. BACHUS. Will the gentlewoman yield?

Mrs. DAHLKEMPER. I yield.

Mr. BACHUS. I would say, What if an employee upon his retirement is given stock in the company and 10 years after his retirement—

Mr. FRANK of Massachusetts. I ask the gentlewoman to yield me back the time.

Mrs. DAHLKEMPER. I yield.

Mr. FRANK of Massachusetts. Stock of that sort would not count. If it is stock that goes up in time, that is not a problem. Stock that is going to simply be regular stock, and it goes up, that's not covered.

The CHAIR. The gentlewoman from Pennsylvania controls the time.

Mrs. DAHLKEMPER. I reserve the balance of my time.

Mr. FRANK of Massachusetts. Would the gentlewoman yield further?

Mrs. DAHLKEMPER. I yield.

Mr. FRANK of Massachusetts. The other problem is this. The gentleman from Alabama, my good friend, is apparently assuming that the TARP will live forever, because by the time a lot of these people have been retired, we hope they have paid back the TARP funds.

The CHAIR. The time of the gentleman has expired.

Mr. BACHUS. I ask unanimous consent that each side be given an additional 1 minute.

The CHAIR. Is there objection to the request of the gentleman from Alabama?

Mr. FRANK of Massachusetts. Reserving the right to object, how many minutes?

Mr. BACHUS. Extend the time by 1 minute on each side.

Mr. FRANK of Massachusetts. One is the outer limit of everybody's patience, but I won't object.

The CHAIR. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BACHUS. I yield myself 1 minute.

We don't know how long all this is going to last. But what I will say is you are giving—for every employee of these companies, you're giving the Secretary of the Treasury the right to control their pension benefits, their retirement benefits, their health benefits, whether intended or not.

I don't think that you can assure me that the power will not be abused in the future because, as the gentlelady said, her amendment includes any compensation for the rest of their life. It also includes any compensation before they arrived at the company.

That, to me, is a very broad brush. I would definitely oppose this amendment.

Mr. FRANK of Massachusetts. Will the gentlelady yield?

Mrs. DAHLKEMPER. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I thank the gentlewoman.

I will take the 1 minute that was yielded to say, once again, this only applies while they have got TARP money. The notion that TARP is going to live forever is a fantasy—or, that people won't pay it back. This only applies during the duration of TARP.

Secondly, there is a scare tactic here that I think is belied by the facts. I do not think any Secretary of the Treasury I have seen, served with, or read about, would decide that the health benefits of a thousand workers could be excessive or unreasonable.

I will tell the gentleman this. I wish we lived in a society in which we had to worry about excessive and unreasonable pension benefit for retirees who are simply rank and file workers. That's not a problem that has ever arisen.

So I think this is, frankly, an objection in search of a reason. Yes, you want to avoid what we know has been used—putting it into the back end or the front end or trying to do it in tricky ways. And that's what the gentlewoman correctly wants to stop.

The CHAIR. The time of the gentlewoman has expired. The gentleman from Alabama has 1 minute remaining.

Mr. BACHUS. I yield that minute to the gentleman from New Jersey (Mr. GARRETT).

Mr. GARRETT of New Jersey. I'm reminded of the statement that the nearest thing to immortality on this Earth

is a Federal agency or Federal program. So some things do apparently live forever—and that's Federal Government programs.

And on to this point, if the gentlelady is still on the floor, the history of the underlying problem here is AIG. And it did in fact start not as a TARP program, but as the Fed Reserve, and that was 9/16, when the Fed gave an \$85 billion loan to AIG. That did change, as the gentlelady knows, on November 10, and it basically became a Federal TARP program when the loan was restructured and reduced. And it eventually changed again on March 2. I assume the gentlelady who's the sponsor of the bill is familiar with that history.

I will yield to the gentlelady to make sure that she is understanding of the history of how we got here.

Mr. FRANK of Massachusetts. Would the gentlewoman yield?

Mrs. DAHLKEMPER. I will yield.

Mr. FRANK of Massachusetts. The gentlewoman was not a Member of the Congress when those events transpired.

Mr. GARRETT of New Jersey. Just to the gentlelady. I appreciate that. To the gentlelady—I just ran through the history of saying that it initially began as a Fed program and then became a TARP program, without any restrictions on it.

The CHAIR. The question is on the amendment offered by the gentlewoman from Pennsylvania (Mrs. DAHLKEMPER).

The question was taken; and the Chair announced that the noes appeared to have it.

Mr. FRANK of Massachusetts. Mr. Chairman, I demand a recorded vote.

The CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from Pennsylvania will be postponed.

ANNOUNCEMENT BY THE CHAIR

The CHAIR. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments printed in House Report 111-71 on which further proceedings were postponed, in the following order:

Amendment No. 4 by Ms. BEAN of Illinois.

Amendment No. 7 by Mrs. DAHLKEMPER of Pennsylvania.

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 4 OFFERED BY MS. BEAN

The CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from Illinois (Ms. BEAN) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIR. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 228, noes 198, answered “present” 1, not voting 10, as follows:

[Roll No. 180]

AYES—228

Ackerman	Giffords	Moran (KS)
Aderholt	Gingrey (GA)	Murphy, Patrick
Adler (NJ)	Gohmert	Murphy, Tim
Akin	Goodlatte	Myrick
Alexander	Granger	Nadler (NY)
Altmire	Graves	Neal (MA)
Austria	Griffith	Neugebauer
Bachmann	Guthrie	Nunes
Bachus	Hall (TX)	Nye
Barrett (SC)	Harman	Oberstar
Bartlett	Harper	Olson
Bean	Hastings (WA)	Paul
Biggert	Heller	Paulsen
Bilbray	Hensarling	Pence
Bilirakis	Herger	Perlmutter
Bishop (NY)	Himes	Peterson
Bishop (UT)	Hoekstra	Petri
Blackburn	Hunter	Pitts
Blunt	Inglis	Platts
Boccheri	Israel	Poe (TX)
Boehner	Issa	Polis (CO)
Bonner	Jenkins	Pomeroy
Bono Mack	Johnson (IL)	Posey
Boozman	Johnson, Sam	Price (GA)
Boucher	Jones	Putnam
Boustany	Jordan (OH)	Radanovich
Brady (TX)	Kanjorski	Rangel
Broun (GA)	Kind	Rehberg
Brown (SC)	King (IA)	Reichert
Brown-Waite,	King (NY)	Roe (TN)
Ginny	Kingston	Rogers (AL)
Burgess	Kirk	Rogers (KY)
Burton (IN)	Kirkpatrick (AZ)	Rogers (MI)
Buyer	Kline (MN)	Rooney
Calvert	Kratovil	Roskam
Camp	Lamborn	Ross
Campbell	Lance	Royce
Cao	Larsen (WA)	Ruppersberger
Capito	Latham	Rush
Cassidy	LaTourette	Ryan (WI)
Castle	Latta	Salazar
Chaffetz	Lee (NY)	Scalise
Childers	Lewis (CA)	Schock
Clarke	LoBiondo	Schwartz
Coble	Lowey	Sensenbrenner
Cohen	Lucas	Sessions
Cole	Luetkemeyer	Sestak
Conaway	Lummis	Shadegg
Cooper	Lungren, Daniel	Shimkus
Crenshaw	E.	Shuler
Crowley	Mack	Simpson
Cuellar	Maffei	Smith (NE)
Culberson	Maloney	Smith (NJ)
Davis (KY)	Manzullo	Smith (TX)
Davis (TN)	Marchant	Smith (WA)
Deal (GA)	Markey (CO)	Snyder
Dent	Markey (MA)	Souder
Diaz-Balart, L.	Marshall	Stearns
Diaz-Balart, M.	Massa	Tanner
Dreier	Matheson	Terry
Duncan	McCarthy (CA)	Thompson (PA)
Ehlers	McCaul	Thornberry
Emerson	McClintock	Tiahrt
Engel	McCollum	Tiberi
Etheridge	McCotter	Turner
Fallin	McHenry	Upton
Flake	McHugh	Walden
Fleming	McIntyre	Wamp
Forbes	McKeon	Weiner
Fortenberry	McMahon	Whitfield
Foster	McMorris	Wilson (SC)
Fox	Rodgers	Wittman
Franks (AZ)	Meeks (NY)	Wolf
Frelinghuysen	Mica	Wu
Galleghy	Miller (FL)	Yarmuth
Garrett (NJ)	Miller (MI)	Young (AK)
Gerlach	Minnick	Young (FL)

NOES—198

Abercrombie	Berry	Brown, Corrine
Andrews	Bishop (GA)	Buchanan
Arcuri	Blumenauer	Butterfield
Baca	Bordallo	Capps
Baird	Boren	Capuano
Baldwin	Boswell	Cardoza
Barrow	Boyd	Carnahan
Becerra	Brady (PA)	Carney
Berkley	Braley (IA)	Carson (IN)
Berman	Bright	Carter

Castor (FL)	Holden	Price (NC)
Chandler	Holt	Rahall
Christensen	Honda	Reyes
Clay	Hoyer	Richardson
Cleaver	Inslee	Rodriguez
Clyburn	Jackson (IL)	Rohrabacher
Coffman (CO)	Jackson-Lee	Ros-Lehtinen
Connolly (VA)	(TX)	Rothman (NJ)
Conyers	Johnson (GA)	Roybal-Allard
Costa	Johnson, E. B.	Ryan (OH)
Costello	Kagen	Sablan
Courtney	Kaptur	Sánchez, Linda
Cummings	Kildee	T.
Dahlkemper	Kilpatrick (MI)	Sarbanes
Davis (AL)	Kilroy	Schakowsky
Davis (CA)	Kissell	Schauer
Davis (IL)	Klein (FL)	Schiff
DeFazio	Kosmas	Schrader
DeGette	Kucinich	Scott (GA)
Delahunt	Langevin	Scott (VA)
DeLauro	Larson (CT)	Serrano
Dicks	Lee (CA)	Shea-Porter
Dingell	Lewis (GA)	Sherman
Doggett	Linder	Shuster
Donnelly (IN)	Lipinski	Sires
Doyle	Loeb sack	Skelton
Driehaus	Lofgren, Zoe	Slaughter
Edwards (MD)	Lujan	Space
Edwards (TX)	Lynch	Speier
Ellison	Matsui	Spratt
Ellsworth	McCarthy (NY)	Stark
Eshoo	McDermott	Stupak
Farr	McGovern	Sullivan
Fattah	McNerney	Sutton
Filner	Meek (FL)	Tauscher
Frank (MA)	Melancon	Taylor
Fudge	Michaud	Teague
Gonzalez	Miller (NC)	Thompson (CA)
Gordon (TN)	Miller, George	Tierney
Grayson	Mitchell	Titus
Green, Al	Mollohan	Tonko
Green, Gene	Moore (KS)	Towns
Grijalva	Moore (WI)	Tsongas
Gutierrez	Moran (VA)	Van Hollen
Hall (NY)	Murphy (CT)	Velázquez
Halvorson	Murtha	Visclosky
Hare	Napolitano	Walz
Hastings (FL)	Norton	Wasserman
Heinrich	Obey	Schultz
Herstatt Sandlin	Oliver	Waters
Higgins	Ortiz	Watson
Hill	Pastor (AZ)	Watt
Hinchey	Payne	Waxman
Hinojosa	Perriello	Welch
Hirono	Peters	Wexler
Hodes	Pierluisi	Wilson (OH)
	Pingree (ME)	Woolsey

ANSWERED “PRESENT”—1

Cantor

NOT VOTING—10

Barton (TX)	Pallone	Thompson (MS)
Kennedy	Pascrell	Westmoreland
Levin	Sanchez, Loretta	
Miller, Gary	Schmidt	

□ 1758

Messrs. VAN HOLLEN, VISCLOSKEY, KILDEE, Ms. KILPATRICK of Michigan, Messrs. WATT, HONDA, TIERNEY, BUTTERFIELD, BECERRA, BERMAN, GEORGE MILLER of California, BERRY, ORTIZ, DOYLE, LUJÁN, ARCURI, LYNCH, BISHOP of Georgia, RYAN of Ohio, KLEIN of Florida, CLEAVER, GORDON of Tennessee, Ms. ESHOO, Ms. KAPTUR, Ms. ROS-LEHTINEN, Ms. LINDA T. SÁNCHEZ of California, Mrs. HALVORSON, Ms. KOSMAS, Ms. WASSERMAN SCHULTZ, Ms. PINGREE of Maine and Ms. SLAUGHTER changed their vote from “aye” to “no.”

Messrs. FRANKS of Arizona, RYAN of Wisconsin, NEAL of Massachusetts, GALLEGLY, MCHENRY, FLAKE, HENSARLING, TIM MURPHY of Pennsylvania, MASSA and Ms. CLARKE changed their vote from “no” to “aye.”

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Stated for:

Mr. MARKEY of Massachusetts. Madam Speaker, on rollcall No. 180, I inadvertently voted “aye”, but intended to vote “no.”

AMENDMENT NO. 7 OFFERED BY MRS. DAHLKEMPER

The CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from Pennsylvania (Mrs. DAHLKEMPER) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIR. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIR. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 246, noes 180, answered “present” 1, not voting 10, as follows:

[Roll No. 181]

AYES—246

Abercrombie	Diaz-Balart, L.	Kilroy
Ackerman	Diaz-Balart, M.	Kind
Adler (NJ)	Dicks	Kissell
Altmire	Dingell	Klein (FL)
Andrews	Doggett	Kosmas
Arcuri	Donnelly (IN)	Kratovil
Baca	Doyle	Kucinich
Baird	Driehaus	Langevin
Baldwin	Edwards (MD)	Larsen (WA)
Barrow	Edwards (TX)	Larson (CT)
Bean	Ellison	Lee (CA)
Becerra	Ellsworth	Lewis (GA)
Berkley	Engel	Loebsack
Berman	Eshoo	Lofgren, Zoe
Berry	Etheridge	Lowe
Bishop (GA)	Faleomavaega	Lujan
Bishop (NY)	Farr	Lynch
Blumenauer	Fattah	Maffei
Bocieri	Filner	Maloney
Bordallo	Foster	Markey (CO)
Boren	Frank (MA)	Markey (MA)
Boswell	Fudge	Massa
Boyd	Giffords	Matheson
Brady (PA)	Gonzalez	Matsui
Braley (IA)	Gordon (TN)	McCarthy (NY)
Bright	Grayson	McCollum
Brown, Corrine	Green, Al	McDermott
Brown-Waite,	Green, Gene	McGovern
Ginny	Griffith	McIntyre
Butterfield	Grijalva	McNerney
Capps	Gutierrez	Meek (FL)
Capuano	Hall (NY)	Meeks (NY)
Cardoza	Halvorson	Michaud
Carnahan	Hare	Miller (NC)
Carney	Harman	Miller, George
Carson (IN)	Hastings (FL)	Minnick
Castor (FL)	Heinrich	Mitchell
Chandler	Hereth Sandlin	Mollohan
Christensen	Higgins	Moore (KS)
Clarke	Hill	Moore (WI)
Clay	Himes	Murphy (CT)
Cleaver	Hinchey	Murphy, Patrick
Clyburn	Hinojosa	Murtha
Cohen	Hirono	Nadler (NY)
Connolly (VA)	Hodes	Napolitano
Conyers	Holden	Norton
Cooper	Holt	Nye
Costa	Honda	Oberstar
Courtney	Hoyer	Obey
Crowley	Inslee	Olver
Cuellar	Israel	Ortiz
Cummings	Jackson (IL)	Pastor (AZ)
Dahlkemper	Jackson-Lee	Payne
Davis (AL)	(TX)	Perlmutter
Davis (CA)	Johnson (GA)	Perriello
Davis (IL)	Johnson, E. B.	Peters
Davis (TN)	Kagen	Peterson
DeFazio	Kanjorski	Pierluisi
DeGette	Kaptur	Pingree (ME)
Delahunt	Kildee	Polis (CO)
DeLauro	Kilpatrick (MI)	Pomeroy

Posey	Schrader	Titus
Price (NC)	Schwartz	Tonko
Rahall	Scott (GA)	Towns
Rangel	Scott (VA)	Tsongas
Reyes	Serrano	Van Hollen
Richardson	Shea-Porter	Velázquez
Rodriguez	Sherman	Visclosky
Rooney	Shuler	Walz
Ros-Lehtinen	Sires	Wasserman
Ross	Skelton	Schultz
Rothman (NJ)	Slaughter	Waters
Roybal-Allard	Smith (WA)	Watson
Ruppersberger	Space	Watt
Rush	Speier	Waxman
Ryan (OH)	Spratt	Weiner
Sablan	Stark	Welch
Salazar	Stupak	Wexler
Sánchez, Linda	Sutton	Wilson (OH)
T.	Tauscher	Woolsey
Sarbanes	Taylor	Wu
Schakowsky	Teague	Yarmuth
Schauer	Thompson (CA)	
Schiff	Tierney	

NOES—180

Aderholt	Gerlach	Moran (KS)
Akin	Gingrey (GA)	Moran (VA)
Alexander	Gohmert	Murphy, Tim
Austria	Goodlatte	Myrick
Bachmann	Granger	Neal (MA)
Bachus	Graves	Neugebauer
Barrett (SC)	Guthrie	Nunes
Bartlett	Hall (TX)	Olson
Biggett	Harper	Paul
Bilbray	Hastings (WA)	Paulsen
Bilirakis	Heller	Pence
Bishop (UT)	Hensarling	Petri
Blackburn	Herger	Pitts
Blunt	Hoekstra	Platts
Boehner	Hunter	Poe (TX)
Bonner	Inglis	Price (GA)
Bono Mack	Issa	Putnam
Boozman	Jenkins	Radanovich
Boucher	Johnson (IL)	Rehberg
Boustany	Johnson, Sam	Reichert
Brady (TX)	Jones	Roe (TN)
Broun (GA)	Jordan (OH)	Rogers (AL)
Brown (SC)	King (IA)	Rogers (KY)
Buchanan	King (NY)	Rogers (MI)
Burgess	Kingston	Rohrabacher
Burton (IN)	Kirk	Roskam
Buyer	Kirkpatrick (AZ)	Royce
Calvert	Kline (MN)	Ryan (WI)
Camp	Lamborn	Scalise
Campbell	Lance	Schock
Cao	Latham	Sensenbrenner
Capito	LaTourette	Sessions
Carter	Latta	Sestak
Cassidy	Lee (NY)	Shadegg
Castle	Lewis (CA)	Shimkus
Chaffetz	Linder	Shuster
Childers	Lipinski	Simpson
Coble	LoBiondo	Smith (NE)
Coffman (CO)	Lucas	Smith (NJ)
Cole	Luetkemeyer	Smith (TX)
Conaway	Lummis	Snyder
Costello	Lungren, Daniel	Souder
Crenshaw	E.	Stearns
Culberson	Mack	Sullivan
Davis (KY)	Manzullo	Tanner
Deal (GA)	Marchant	Terry
Dent	Marshall	Thompson (PA)
Dreier	McCarthy (CA)	Thornberry
Duncan	McCaul	Tiahrt
Ehlers	McClintock	Turner
Emerson	McCotter	Tiberi
Fallin	McHenry	Upton
Flake	McHugh	Walden
Fleming	McKeon	Wamp
Forbes	McMahon	Whitfield
Fortenberry	McMorris	Wilson (SC)
Fox	Rodgers	Wittman
Franks (AZ)	Melancon	Wolf
Frelinghuysen	Mica	Young (AK)
Gallegly	Miller (FL)	Young (FL)
Garrett (NJ)	Miller (MI)	

ANSWERED “PRESENT”—1

Cantor

NOT VOTING—10

Barton (TX)	Pallone	Thompson (MS)
Kennedy	Pascarell	Westmoreland
Levin	Sanchez, Loretta	
Miller, Gary	Schmidt	

ANNOUNCEMENT BY THE CHAIR

The CHAIR (during the vote). Two minutes remain in this vote.

□ 1805

So the amendment was agreed to. The result of the vote was announced as above recorded.

The CHAIR. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIR. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. WEINER) having assumed the chair, Mr. JACKSON of Illinois, Chair of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 1664) to amend the executive compensation provisions of the Emergency Economic Stabilization Act of 2008 to prohibit unreasonable and excessive compensation and compensation not based on performance standards, pursuant to House Resolution 306, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the amendment reported from the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. FRANK of Massachusetts. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 247, noes 171, answered “present” 1, not voting 12, as follows:

[Roll No. 182]

AYES—247

Abercrombie	Boucher	Cohen
Ackerman	Boyd	Connolly (VA)
Adler (NJ)	Brady (PA)	Conyers
Altmire	Bright	Cooper
Andrews	Brown, Corrine	Costa
Arcuri	Brown-Waite,	Costello
Ginny		Courtney
Baca	Butterfield	Crowley
Baird	Cao	Cuellar
Baldwin	Capps	Cummings
Barrow	Capuano	Dahlkemper
Bean	Cardoza	Davis (AL)
Becerra	Carnahan	Davis (CA)
Berkley	Carney	Davis (IL)
Berman	Carson (IN)	Davis (TN)
Berry	Castor (FL)	DeFazio
Bilirakis	Chandler	DeGette
Bishop (GA)	Childers	Delahunt
Bishop (NY)	Clarke	DeLauro
Blumenauer	Clay	Diaz-Balart, L.
Bocieri	Cleaver	Diaz-Balart, M.
Boren	Clyburn	Dicks
Boswell		

Dingell
Doggett
Donnelly (IN)
Doyle
Driehaus
Duncan
Edwards (MD)
Edwards (TX)
Ellison
Ellsworth
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Foster
Frank (MA)
Fudge
Giffords
Gonzalez
Gordon (TN)
Grayson
Green, Al
Green, Gene
Griffith
Grijalva
Gutierrez
Hall (NY)
Halvorson
Hare
Harman
Hastings (FL)
Heinrich
Hereth Sandlin
Higgins
Hill
Himes
Hinchey
Hinojosa
Hirono
Hodes
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee
(TX)
Johnson (GA)
Johnson, E. B.
Jones
Kagen
Kanjorski
Kaptur
Kildue
Kilpatrick (MI)
Kilroy
Kind
Kissell

Klein (FL)
Kosmas
Kratovil
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Lewis (GA)
Lipinski
Lofgren, Zoe
Lowey
Luján
Lynch
Maffei
Maloney
Markey (CO)
Markey (MA)
Marsh
Massa
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McHugh
McIntyre
McMahon
McNerney
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Murphy (CT)
Murphy, Patrick
Murtha
Nadler (NY)
Napolitano
Neal (MA)
Nye
Oberstar
Obey
Olver
Ortiz
Pastor (AZ)
Payne
Perlmutter
Perriello
Peters
Peterson
Pingree (ME)
Polis (CO)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes

Richardson
Rodriguez
Rohrabacher
Ros-Lehtinen
Ross
Rothman (NJ)
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Salazar
Sánchez, Linda
T.
Sarbanes
Schakowsky
Schauer
Schiff
Schrader
Schwartz
Scott (GA)
Scott (VA)
Serrano
Shea-Porter
Sherman
Shuler
Sires
Skelton
Slaughter
Smith (WA)
Space
Speier
Spratt
Stark
Sutton
Tanner
Tauscher
Taylor
Teague
Thompson (CA)
Tierney
Titus
Tonko
Towns
Tsongas
Van Hollen
Velázquez
Visclosky
Walz
Wasserman
Schultz
Waters
Watson
Waxman
Weiner
Welch
Wexler
Wilson (OH)
Woolsey
Wu
Yarmuth

McHenry
McKeon
McMorris
Rodgers
Mica
Miller (FL)
Miller (MI)
Minnick
Mitchell
Moran (KS)
Moran (VA)
Murphy, Tim
Myrick
Neugebauer
Nunes
Olson
Paul
Paulsen
Pence
Petri
Pitts
Platts
Poe (TX)

Posey
Price (GA)
Putnam
Radanovich
Rehberg
Reichert
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rooney
Roskam
Royce
Ryan (WI)
Scalise
Schock
Sensenbrenner
Sessions
Sestak
Shadegg
Shimkus
Shuster
Simpson

Smith (NE)
Smith (NJ)
Smith (TX)
Snyder
Souder
Stearns
Sullivan
Terry
Thompson (PA)
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walden
Wamp
Whitfield
Wilson (SC)
Wittman
Wolf
Young (AK)
Young (FL)

Representative Buyer of Indiana, or his designee, which shall be in order without intervention of any point of order except those arising under clause 9 or 10 of rule XXI, shall be considered as read, and shall be separately debatable for thirty minutes equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

SEC. 2. (a) In the engrossment of H.R. 1256, the Clerk shall—

(1) add the text of H.R. 1804, as passed by the House, as new matter at the end of H.R. 1256;

(2) conform the title of H.R. 1256 to reflect the addition to the engrossment of H.R. 1804;

(3) assign appropriate designations to provisions within the engrossment; and

(4) conform provisions for short titles within the engrossment.

(b) Upon the addition of the text of H.R. 1804 to the engrossment of H.R. 1256, H.R. 1804 shall be laid on the table.

The SPEAKER pro tempore. The gentleman from Colorado is recognized for 1 hour.

Mr. POLIS. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentlewoman from North Carolina, Dr. Foeux.

GENERAL LEAVE

Mr. POLIS. I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks and to insert extraneous material into the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. POLIS. I yield myself such time as I may consume.

Mr. Speaker, House Resolution 307 provides a structured rule for the consideration of H.R. 1256, the Family Smoking Prevention and Tobacco Control Act. The rule makes in order a substitute amendment, if offered, by Representative BUYER of Indiana or his designee.

I rise in support of House Resolution 307, the Family Smoking Prevention and Tobacco Control Act. I thank Chairman WAXMAN and my colleagues who serve on the Energy and Commerce Committee for their leadership in this bipartisan effort.

This legislation, which passed this House by a margin of more than 3-1 last July, would at long last give the U.S. Food and Drug Administration, the FDA, the authority to regulate tobacco products and to take additional critical steps to protect the public health. The bill prevents the tobacco industry from designing products that entice young people. It develops programs that help adult smokers quit, and it funds the efforts through fees to tobacco manufacturers.

America's youth face intense pressure every day from friends, fancy advertisements and irresponsible adults to make bad decisions that will affect their long-term health. A 2006 study conducted by the Substance Abuse and Mental Health Services Administration found that 90 percent of all adult smokers began while they were in their teens or earlier and that two-thirds became regular daily smokers before

ANSWERED "PRESENT"—1

Cantor

NOT VOTING—12

Barton (TX)
Kennedy
Levin
Loeb sack

Miller, Gary
Pallone
Pascarell
Sanchez, Loretta

Schmidt
Thompson (MS)
Watt
Westmoreland

□ 1823

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

HOOR OF MEETING ON TOMORROW

Mr. POLIS. Mr. Speaker, I ask unanimous consent that, when the House adjourns today, it adjourn to meet at 9 a.m. tomorrow.

The SPEAKER pro tempore (Mr. ALTMIRE). Is there objection to the request of the gentleman from Colorado? There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 1256, FAMILY SMOKING PREVENTION AND TOBACCO CONTROL ACT

Mr. POLIS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 307 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 307

Resolved, That upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 1256) to protect the public health by providing the Food and Drug Administration with certain authority to regulate tobacco products. All points of order against consideration of the bill are waived except those arising under clause 9 or 10 of rule XXI. The amendment printed in part A of the report of the Committee on Rules accompanying this resolution shall be considered as adopted. The bill, as amended, shall be considered as read. All points of order against provisions in the bill, as amended, are waived. The previous question shall be considered as ordered on the bill, as amended, to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chair and ranking minority member of the Committee on Energy and Commerce; (2) the amendment in the nature of a substitute printed in part B of the report on the Committee on Rules, if offered by

NOES—171

Aderholt
Akin
Alexander
Austria
Bachmann
Bachus
Barrett (SC)
Bartlett
Biggert
Bilbray
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boustany
Brady (TX)
Braley (IA)
Broun (GA)
Brown (SC)
Buchanan
Burgess
Burton (IN)
Buyer
Calvert
Camp
Campbell
Capito
Carter
Cassidy
Castle
Chaffetz
Coble

Coffman (CO)
Cole
Conaway
Crenshaw
Culberson
Davis (KY)
Deal (GA)
Dent
Dreier
Ehlers
Emerson
Fallin
Flake
Fleming
Forbes
Fortenberry
Foeux
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gingrey (GA)
Gohmert
Goodlatte
Granger
Graves
Guthrie
Hall (TX)
Harper
Hastings (WA)
Heller
Hensarling
Herger
Hoekstra

Hunter
Inglis
Issa
Jenkins
Johnson (IL)
Johnson, Sam
Jordan (OH)
King (IA)
King (NY)
Kingston
Kirk
Kirkpatrick (AZ)
Kline (MN)
Lamborn
Lance
Latham
LaTourette
Latta
Lee (NY)
Lewis (CA)
Linder
LoBiondo
Lucas
Luetkemeyer
Lummis
Lungren, Daniel
E.
Mack
Manzullo
Marchant
Matheson
McCarthy (CA)
McCauley
McClintock
McCotter