Madam Speaker, the Veterans Administration is a government-run health care program that treats our veterans cavalierly in these examples. Veterans should be able to go to any doctor or any hospital to be treated and not bound and tied to VA hospitals. And, also, this is a prime example of how things will be when the government takes over the health care of all Americans. Do we really want the government to control our health care? Not a healthy idea for Americans or for veterans.

And that's just the way it is.

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

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

CREATE A SAFE AND SOUND CREDIT SYSTEM

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

Ms. KAPTUR. Madam Speaker, the first goal of our banking system, as opposed to a securities system, should be to create a safe and sound credit system, one that promotes responsible savings and lending practices. In this system, the availability of credit is crucial, and that's what's missing today across our country. Earlier today, Vice President JOE BIDEN held a town hall meeting in the Toledo, Ohio, area. He heard from Governor Ted Strickland and others that one of the biggest economic challenges facing Ohio remains an inability of businesses to obtain the credit they need. The reason is because our banking system suffered a heart attack last year and still hasn't fully recovered.

Safe and sound credit and prudent financial behavior by individuals and institutions should be our Nation's financial system's primary purpose. The administration's priorities tell me it plans a much larger role for higher-risk securities in whatever system they are envisioning, which to me threatens more higher-risk behavior. Banks traditionally have served as intermediaries between people who have money, depositors, and those who need money, borrowers.

The banks' value-added was their ability to loan money sensibly within parameters of $10 of loans with every dollar on deposit and thus sensibly and responsibly managing their deposits and collecting on the loans that they were to oversee.

Wall Street's high-risk securitization destroyed that system. The banks didn't much care about making sensible loans as long as they could sell them off somewhere. The regulators were not on top of this because the loans were off the banks' books. So why would the regulators care? These loans were now somebody else's problem, not theirs.

Where has the epidemic of securitization taken us?

Well, if you look at the government-backed Freddie Mac and Fannie Mae secondary markets, they became the larger purchaser of securitized mortgages. In case you forgot, its we, the taxpayers, who own both Fannie Mae and Freddie Mac.

But these securitized mortgage bodies bought too many bad loans, which contributed to those institutions' downfall. Who is profiting from this? Because, yes, there are certain organizations that are profiting royally from the downfall of Freddie Mac and Fannie Mae. It is not our constituents, it's not our Treasury, which collects our tax dollars.

There are four entities at least that are profiting, and I would like to target on one tonight, BlackRock. That's a company that isn't a bank. And why on that one in particular? Because its current CEO Lawrence Fink coincidentally, some might say, sold Freddie Mac its first $1 billion in collateralized mortgage obligations. Euromoney.com states, "Larry Fink is one of the pioneers of the mortgage-backed securities market. As a trader at [then] First Boston a quarter of a century ago, he pitched the first collateralized mortgage obligation that Freddie Mac ever did."

So Larry Fink had a hand in making financial instruments that have brought Freddie Mac and our financial system to its knees, yet the company he leads now profits from his mistake.

Now BlackRock just won a big contract with the Federal Reserve Bank of New York to manage the toxic assets of Freddie Mac and Fannie Mae in their collateralized mortgage obligations.

It's a mess that he help to create, but now we have hired the same man to clean it up? One question I have to ask is how can we be sure he isn't self-dealing or covering up what he did in the last quarter century? Some might say that relationship is a bit incestuous.

The administration's financial regulatory reform proposal includes some consideration for dealing with too-big-to-fail institutions but, rather than create an architecture that keeps risk in hand, what they are doing is they are allowing institutions like BlackRock to become too big to fail.

In fact, BlackRock's assets are now larger with the purchase of Barclays than the entire Federal Reserve system itself. So BlackRock, although not a bank, is getting too big to fail, perhaps? Is BlackRock favoritism an example of how we should be rebuilding our financial system?

Paul Krugman thinks not. He states, "In short, Mr. Obama has a clear vision of what went wrong, but aside from regulating shadow banking, no small thing, to be sure, his plan basically punts on the question of how to keep it from happening all over again, pushing the hard decisions off to future regulators."

Now is not the time to punt. It's the time for reform. The time the has been not as ripe since Roosevelt. We really need a President who will lead and a Congress as well, not following the guidance of Wall Street, but going back to prudent lending and recreating a safe and sound banking system across this country.

[From the New York Times, June 19, 2009]

OUT OF THE SHADOWS

(By Paul Krugman)

Would the Obama administration's plan for financial reform do what has to be done? Yes and no.

Yes, the plan would plug some big holes in regulation. But as described, it wouldn't end the skewed incentives that made the current crisis inevitable.

Let's start with the good news.

Our current system of financial regulation dates back to a time when everything that functioned as a bank looked like a bank. As long as you regulated big marble buildings with rows of tellers, you pretty much had things nailed down.

But today you don't have to look like a bank to be a bank. As Tim Geithner, the Treasury secretary, put it in a widely cited speech last summer, banking is anything that involves financing "long-term risky and relatively illiquid assets" with "very short-term liabilities." Cases in point: Bear Stearns and Lehman, both of which financed large investments in risky securities primarily with short-term borrowing.

And as Mr. Geithner pointed out, by 2007 more than half of America's banking, in this sense, was being handled by a "parallel financial system"—others call it "shadow banking"—of largely unregulated institutions. These non-bank banks, he ruefully noted, were "vulnerable to a classic type of run, but without the protections such as deposit insurance that the banking system has in place to reduce such risks."

When Lehman fell, we learned just how vulnerable shadow banking was: a global run on the system brought the world economy to its knees.

One thing financial reform must do, then, is bring non-bank banking out of the shadows.

The Obama plan does this by giving the Federal Reserve the power to regulate any large financial institution it deems "systemically important"—that is, able to create havoc if it fails—whether or not that institution is a traditional bank. Such institutions would be required to hold relatively large amounts of capital to cover possible losses, relatively large amounts of cash to cover possible demands from creditors, and so on.

And the government would have the authority to seize such institutions if they appear insolvent—the kind of power that the Federal Deposit Insurance Corporation already has with regard to traditional banks, but that has been lacking with regard to institutions like Lehman or A.I.G.

Good stuff. But what about the broader problem of financial excess?

President Obama's speech outlining the financial plan described the underlying problem very well. Wall Street developed a "culture of irresponsibility," the president said. Lenders didn't hold on to their loans, but instead sold them off to be repackaged into securities, which in turn were sold to investors who didn't understand what they were buying. "Meanwhile," he said, "executive compensation—unmoored from long-term performance or even reality—rewarded recklessness rather than responsibility."

Unfortunately, the plan as released doesn't live up to the diagnosis.

True, the proposed new Consumer Financial Protection Agency would help control abusive lending. And the proposal that lenders be required to hold on to 5 percent of their loans, rather than selling everything off to be repackaged, would provide some incentive to lend responsibly.

But 5 percent isn't enough to deter much risky lending, given the huge rewards to financial executives who book short-term profits. So what should be done about those rewards?

Tellingly, the administration's executive summary of its proposals highlights ''compensation practices'' as a key cause of the crisis, but then fails to say anything about addressing those practices. The long-form version says more, but what it says—''Federal regulators should issue standards and guidelines to better align executive compensation practices of financial firms with long-term shareholder value''—is a description of what should happen, rather than a plan to make it happen.

Furthermore, the plan says very little of substance about reforming the rating agencies, whose willingness to give a seal of approval to dubious securities played an important role in creating the mess we're in.

In short, Mr. Obama has a clear vision of what went wrong, but aside from regulating shadow banking—no small thing, to be sure—his plan basically punts on the question of how to keep it from happening all over again, pushing the hard decisions off to future regulators.

I'm aware of the political realities: getting financial reform through Congress won't be easy. And even as it stands the Obama plan would be a lot better than nothing.

But to live up to its own analysis, the Obama administration needs to come down harder on the rating agencies and, even more important, get much more specific about reforming the way bankers are paid.

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TO DIE FOR A MYSTIQUE

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

Mr. JONES. Madam Speaker, thank you very much. Tonight, I want to take my time and refer to an article written by Andrew Bacevich. This was in the American Conservative of May 18, 2009. The title is ''To Die for a Mystique,'' subtitled ''The lessons our leaders didn't learn from the Vietnam War. I'm going to read two or three paragraphs and then close from this article.

''In one of the most thoughtful Vietnam-era accounts written by a senior military officer, General Bruce Palmer once observed, 'With respect to Vietnam, our leaders should have known that the American people would not stand still for a protracted war of an indeterminate nature with no foreseeable end to the United States' commitment.''

He further stated in the article, ''General Palmer thereby distilled into a single sentence the central lesson of Vietnam: to embark upon an open-ended war lacking clearly defined and achievable objectives was to forfeit public support, thereby courting disaster. The implications were clear: never again.''

I further read from the article, ''The dirty little secret to which few in Washington will own up is that the United States now faces the prospect of perpetual conflict. We find ourselves in the midst of what the Pentagon calls the 'Long War,' a conflict global in scope (if largely concentrated in the Greater Middle East) and expected to outlast even General Palmer's 'Twenty-Five Year War.' The present generation of senior civilians and officers have either forgotten or inverted the lessons of Vietnam, embracing open-ended war as an inescapable reality.''

Madam Speaker, I submit this entire article for the RECORD.

[From The American Conservative, May 18, 2009]

TO DIE FOR A MYSTIQUE

(By Andrew J. Bacevich)

In one of the most thoughtful Vietnam-era accounts written by a senior military officer, Gen. Bruce Palmer once observed, ''With respect to Vietnam, our leaders should have known that the American people would not stand still for a protracted war of an indeterminate nature with no foreseeable end to the U.S. commitment.''

General Palmer thereby distilled into a single sentence the central lesson of Vietnam: to embark upon an open-ended war lacking clearly defined and achievable objectives was to forfeit public support, thereby courting disaster. The implications were clear: never again.

Palmer's book, which he titled ''The Twenty-Five Year War'', appeared in 1984. Today, exactly 25 years later, we once again find ourselves mired in a ''protracted war of an indeterminate nature with no foreseeable end to the U.S. commitment.'' It's déjà vu all over again. How to explain this astonishing turn of events?

In the wake of Vietnam, the officer corps set out to preclude any recurrence of protracted, indeterminate conflict. The Armed Forces developed a new American way of war, emphasizing advanced technology and superior skills. The generals were by no means keen to put these new methods to the test: their preference was for wars to be fought infrequently and then only in pursuit of genuinely vital interests. Yet when war did come, they intended to dispatch any adversary promptly and economically, thereby protecting the military from the possibility of public abandonment. Finish the job quickly and go home: this defined the new paradigm to which the lessons of Vietnam had given rise.

In 1991, Operation Desert Storm seemingly validated that paradigm. Yet events since 9/11, in both Iraq and Afghanistan, have now demolished it. Once again, as in Vietnam, the enemy calls the tune, obliging American soldiers to fight on his terms. Decision has become elusive. Costs skyrocket and are ignored. The fighting drags on. As it does so, the overall purpose of the undertaking—other than of avoiding the humiliation of abject failure—becomes increasingly difficult to discern.

The dirty little secret to which few in Washington will own up is that the United States now faces the prospect of perpetual conflict. We find ourselves in the midst of what the Pentagon calls the ''Long War,'' a conflict global in scope (if largely concentrated in the Greater Middle East) and expected to outlast even General Palmer's ''Twenty-Five Year War.'' The present generation of senior civilians and officers have either forgotten or inverted the lessons of Vietnam, embracing open-ended war as an inescapable reality.

To apply to the Long War the plaintive query that Gen. David Petraeus once posed with regard to Iraq—''Tell me how this ends''—the answer is clear: no one has the foggiest idea. War has become like the changing phases of the moon. It's part of everyday existence. For American soldiers there is no end in sight.

Yet there is one notable difference between today and the last time the United States found itself mired in a seemingly endless war. During the Vietnam era, even as some young Americans headed off to Indochina to fight in the jungles and rice paddies, many other young Americans back on the home front fought against the war itself. More than any other event of the 1960s, the war created a climate of intense political engagement. Today, in contrast, the civilian contemporaries of those fighting in Iraq and Afghanistan have largely tuned out the Long War. The predominant mood of the country is not one of anger or anxiety but of dull acceptance. Vietnam divided Americans; the Long War has rendered them inert.

To cite General Palmer's formulation, the citizens of this country at present do appear willing to ''stand still'' when considering the prospect of war that goes on and on. While there are many explanations for why Americans have disengaged from the Long War, the most important, in my view, is that so few of us have any immediate personal stake in that conflict.

When the citizen-soldier tradition collapsed under the weight of Vietnam, the military rebuilt itself as a professional force. The creation of this all-volunteer military was widely hailed as a great success—well-trained and highly motivated soldiers made the new American way of war work. Only now are we beginning to glimpse the shortcomings of this arrangement, chief among them the fact that today's ''standing army'' exists at considerable remove from the society it purports to defend. Americans today profess to ''support the troops'' but that support is a mile wide and an inch deep. It rarely translates into serious or sustained public concern about whether those same troops are being used wisely and well.

The upshot is that with the eighth anniversary of the Long War upon us, fundamental questions about this enterprise remain unasked. The contrast with Vietnam is striking: back then the core questions may not have gotten straight answers, but at least they got posed.

When testifying before the Senate Foreign Relations Committee in April 1971, the young John Kerry famously—or infamously, in the eyes of some—asked, ''How do you ask a man to be the last man to die for a mistake?''

What exactly was that mistake? Well, there were many. Yet the most fundamental lay in President Johnson's erroneous conviction that the Republic of Vietnam constituted a vital American security interest and that ensuring that country's survival required direct and massive U.S. military intervention.

Johnson erred in his estimation of South Vietnam's importance. He compounded that error with a tragic failure of imagination, persuading himself that once in, there was no way out. The United States needed to stay the course in Vietnam, regardless of the cost or consequences.

Now we are, in our own day and in our own way, repeating LBJ's errors. In his 1971 Senate testimony, reflecting the views of other Vietnam veterans who had turned against the war in which they had fought, Kerry derisively remarked, ''we are probably angriest