

dealing with what we can do to create jobs and help individual families, not make things worse by killing more jobs and raising taxes. That's what PAYGO does. It is hard to make cuts in spending, easy to raise taxes, and that's what they plan to do. We shouldn't let them fool the American people again. Fool me once, shame on you; fool me twice, shame on me. We have got to stop letting the Democrats do these things, rushing bills through, hiding things in obscure language, and taxing us into high unemployment in this country.

RESTORE STATUTORY PAYGO

The SPEAKER pro tempore. The Chair recognizes the gentlewoman from South Dakota (Ms. HERSETH SANDLIN) for 5 minutes.

Ms. HERSETH SANDLIN. Mr. Speaker, I rise today as the co-chairman of the Blue Dog Coalition which has long advocated for restoring statutory PAYGO as an important budgetary tool necessary to impose discipline in both chambers of Congress as it regards the collection and use of taxpayer money. I would like to thank the majority leader, the gentleman from Maryland (Mr. HOYER), for his strong, steadfast, and unquestioned support for statutory PAYGO and for his words earlier this morning in support of this important legislation.

As I stated and as the majority leader has, this is an important budget tool to impose discipline. It is a tested and proven tool from the 1990s that again, as has been mentioned, President Clinton and former Speaker Newt Gingrich agreed to back in the 1990s. I think it is imperative that opponents of this legislation explain more clearly why they lived with PAYGO with little or no complaint in the last decade, and the surpluses aided by such disciplines, and why they abandoned such discipline which led to a doubling of the national debt over the last 8 years.

We need to make priorities and tough decisions so as to ensure fairness to future generations. It is essential to adopt statutory PAYGO as one step, among many others, to ensure both economic and national security. It is not fair to future generations for the United States to in any way be beholden to foreign creditors. The interest on the national debt alone is more than we spend on education and veterans combined.

Statutory PAYGO is necessary to impose discipline in both Chambers. One of the earlier speakers mentioned that since adopting PAYGO in the House rules, that the deficits have worsened. Unfortunately, much of the legislation passed out of this Chamber that abides by House rules for PAYGO come back to this Chamber after action in the Senate that strips how we pay for our priorities. That's why again reinstating PAYGO as a budgetary tool in statute is necessary for both the House and the Senate, and fortunately is supported by the current administration.

So, Mr. Speaker, I encourage all of my colleagues on both sides of the aisle to ask the hard questions about what worked in the 1990s to produce budget surpluses, about what didn't work over the past 8 years to result in a national debt, a record national debt, and what tools are necessary to get us back on the path of fiscal discipline and surpluses once again. Statutory PAYGO is one key, one tool, among others, that will lead to the kind of tough decisions and priorities necessary to restore the fiscal health of the country.

WHERE ARE THE JOBS?

The SPEAKER pro tempore. The Chair recognizes the gentleman from Indiana (Mr. PENCE) for 5 minutes.

Mr. PENCE. Mr. Speaker, I come to the floor today at a time of a great moment in the life of this country. The American people are hurting. We are facing in this country the worst recession in a quarter century. We have lost 2 million jobs since this Congress and this administration enacted a stimulus bill. The unemployment rate at the time we passed the stimulus bill was 7.5 percent. We were told that we had to spend that nearly \$800 billion, borrowed from future generations of Americans, so the unemployment rate wouldn't go over 8 percent. It is now 9.5 percent and rising.

We saw this Democratic majority pass a budget that will double the national debt in 5 years and triple it in 10, and that's if the economy starts to grow again, which sadly, few economists believe it will in the near future.

Now this summer we saw this majority, in the name of global warming, pass a national energy tax that will essentially raise the cost of energy for businesses and individuals by thousands of dollars per year.

And now comes health care reform, a government takeover of health care in this country financed with nearly a trillion dollars in tax increases. Yet my colleagues, many of whom I deeply respect, come to the floor this week to talk about something called PAYGO, fiscal discipline. Well, the truth is that in this majority and this administration, PAYGO means you pay and they go on spending.

The truth is we have got to come to terms with these difficult times. We have got to begin to demonstrate the priorities that businesses and family farms and working families are demonstrating at this time of national challenge and economic recession. Families and businesses are sitting down and prioritizing what should come first.

We ought to have national energy legislation to set us on a pathway toward energy independence. We ought to have health care reform that brings real competition into our economy and lowers the cost for consumers. But the first thing we ought to be doing is coming together and creating jobs.

We know how to create jobs. John F. Kennedy knew it, Ronald Reagan knew

it, George W. Bush knew it when the towers fell: fiscal discipline in Washington, D.C., and tax relief for working families, small businesses, and family farms.

The last thing we need right now is one more massive tax increase, one more government takeover of one more American industry. What we need is focus, and we need to prioritize what this Congress is working on. We ought to be asking what the American people are asking today with a heavy heart as they look at Washington, D.C.: Where are the jobs?

Health care, energy independence, other priorities, other talking points on Capitol Hill are not going to get the American people back to work. Congress should come together, men and women of goodwill and strong principle, and work in such a way that can restore this economy, and then work in a bipartisan way on the other major issues facing our country, so help us God.

RESTORE STATUTORY PAYGO

The SPEAKER pro tempore. The Chair recognizes the gentleman from New York (Mr. TONKO) for 5 minutes.

Mr. TONKO. Mr. Speaker, the House will be taking up H.R. 2920 this week, the Statutory Pay-As-You-Go Act of 2009, otherwise known as PAYGO.

This bill, sponsored by our majority leader, the gentleman from Maryland (Mr. HOYER), will renew our commitment to fiscal responsibility and protect core democratic values.

As the President said less than 2 months ago, the pay-as-you-go rule is very simple: Congress can only spend a dollar in one place if it saves a dollar in another. Just as families cut back on eating out at restaurants to pay for a new amenity, so too must Congress make difficult balancing decisions.

In fact, this rule was put in place when the country saw record deficits turn into record surpluses during the 1990s. It is no surprise to learn that when this rule was abandoned, we returned to record deficits that in turn doubled our national debt.

PAYGO legislation will reestablish this requirement that turned deficits into surpluses under the Clinton administration.

It is also critically important to pass PAYGO to ensure our fiscal health and stability as Congress considers health care reform legislation, a necessary item. We must be able to pay for this reform without unduly burdening our American taxpayers. To understand this critically important PAYGO legislation and the record deficits this country is facing, we must understand how we got here. We must move toward a more balanced budget which will initiate an era of fiscal responsibility and a stronger long term fiscal position. PAYGO is an important and critical piece of legislation in that process.

First, a number of factors have brought us to this cash-strapped position. Under the previous administration, the PAYGO principle was abandoned, reckless tax cuts were passed for the wealthy and two wars were funded outside of the budget process. On top of that, our economy has seen one of the most severe recessions since the Great Depression. Congressional efforts to get the economy moving again have proven to be fairly effective thus far, but they have come at a price.

Understanding these problems and the long term fiscal restraints, what does the PAYGO legislation do? It will require that all new policies reducing revenues or expanding entitlement spending enacted during a session of Congress be offset over 5 and 10 years. As Congress did in the American Recovery and Reinvestment Act, PAYGO will include an exemption for legislation designated as an emergency.

PAYGO will require any future extension of upper income tax cuts to be offset, as well as force a serious examination of wasteful subsidies in the budget and tax loopholes that can be eliminated to benefit more worthwhile programs. This means that PAYGO will force advocates of tax cuts to acknowledge the costs and show how they will be paid for, as well as ensuring that we can afford to fund America's most important priorities consistently for future generations.

Certain exemptions on discretionary programs funded in the appropriations process will be granted under PAYGO. These programs are the low income home energy assistance program, our Head Start program, Pell grants, the special supplemental nutrition program for women, infants, and children, and housing assistance.

PAYGO will also establish an enforcement mechanism in nonexempt mandatory programs at the end of year if Congress has not already paid for the cost of all legislation enacted during that given year.

Mr. Speaker, this legislation is a priority for the President. He understands, as we do, that we must balance short-term deficit spending for economic recovery with a commitment to restoring fiscal discipline in the long term. The large deficits that we inherited as a result of the reckless borrow-and-spend policies of the previous administration have put pressure on funding for important priorities such as health care, education and clean energy jobs. We must ensure that regardless of who is in power, PAYGO will be a powerful impediment to reckless tax cuts financed by debt.

Mr. Speaker, the people of our country elect us to come to Washington to represent them in the best way that we can. After years of unrestrained spending, budget gimmicks and rampant waste, as well as fraud and abuse in Federal spending, it is clear we cannot continue along that same fiscal path. We are in a deep fiscal hole. However, with the right tools, including a statu-

tory PAYGO budgeting process, we can reverse this dangerous trend and begin to put the country back on a fiscally sustainable path.

Mr. Speaker, that is why I support H.R. 2920 and encourage our colleagues to do the same.

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FINANCIAL REGULATORY REFORM UNDER THE GROWING FED: A RECIPE FOR TOTAL GOVERNMENT CONTROL

The SPEAKER pro tempore. The Chair recognizes the gentleman from Florida (Mr. STEARNS) for 5 minutes.

Mr. STEARNS. Mr. Speaker, I rise this morning to address the critical issue of regulatory reform in our financial markets. In 1912, a year before he became President, Woodrow Wilson ominously stated "waiting to be solved lurks the great question of banking reform." So here we are almost 100 years later, and we are facing the same lurking question.

The Treasury Department recently issued an 85-page white paper containing five main objectives for reforming or financial markets. Although a few of these objectives may sound good on paper, the devil is always in the details. A closer look at this new plan reveals a fundamental change to our financial system and economy that will stifle the innovation and competition fostered by the traditional American free enterprise system, giving way to a future of Big Government propping up all companies that are "too big to fail."

Specifically, the Obama financial regulatory reform plan calls for ceding the Federal Reserve a vast amount of additional authority with the power to create new requirements for capital and liquidity and for any firm "whose combination of size, leverage, and interconnectedness could pose a threat to financial stability if it fails." The Fed, which has failed in the past as a regulator, will be allowed to oversee almost all aspects of any financial company in the United States and its foreign affiliates. Specifically, the Fed will be able to regulate, lend to and close down companies not normally under their control if they deem them to be a danger to the economy.

My colleagues, this is total government control. Additionally, the Treasury will be given more powers as well, such as the ability to appoint a conservator or receiver to "stabilize" any large financial firm that is failing, any large financial firm. This will be done in lieu of bankruptcy proceedings, and the result will almost certainly lead to those "too big to fail" institutions, backed by the United States Government, having the upper hand in the market, particularly when it comes to raising funds, and smaller competitors will be forced out down the line. Thus, we are destined for an economy dominated by what essentially are govern-

ment-backed entities, like the Fannie Maes and Freddie Macs.

Big government backed by an all-powerful Federal Reserve isn't the answer to our financial problems. We cannot erode the components of our free market economy because we are afraid to let the market work. It will devastate the innovation and competition that has traditionally driven the American economy.

Another issue worth mentioning when discussing regulatory reform of financial markets is the issue of transparency and possible conflicts of interest. Bill Gross of Pimco, a private financial institution that manages the world's largest mutual fund, is heavily involved in the mortgage securities market and is an open proponent of the Treasury's public-private investment program. Interestingly, in the spring of 2008, Pimco actually presented a plan in Washington, D.C. for a public-private partnership, very similar to the plan that Geithner came out with this year. Pimco is now hoping to be one of the companies that the Treasury picks to help buy up some of the \$1.25 trillion in mortgage bonds that have sank big institutions like Bank of America and Citicorp.

In addition, the Federal Reserve has also looked to Pimco to specifically ask for advice on which banks needed more taxpayer TARP funds to stay afloat. Pimco's close relationship with the Treasury and the Fed should not allow it to be the beneficiary of billions of dollars gained through Federal contracts and preferential investment opportunities, particularly with Geithner's public-private investment program he has proposed.

Mr. Speaker, a free market is an economic system in which individuals, rather than the government, make the majority decisions regarding economic activities. In a free-market economy, the government's function is limited, and it should act in a way as an umpire and issue regulatory procedures. The Obama financial regulatory reform plan will move us away from our free-market system and towards a future where the free market is negated by government over-involvement in the private financial sector. We are moving toward a system of permanent interdependence of big companies' reliance on big government. This is fundamentally un-American, and the long-term consequences of such a plan are dire.

Let's not make Washington, D.C. the bailout capital of the world for every private company in America. Let those companies suffer the consequences for their risky actions. Instead, let's be good stewards of taxpayer dollars, keeping in mind that more regulation doesn't mean better regulation and a powerful Federal Reserve isn't the answer to all of our financial problems.