''(C) Namibia; and

''(D) Mauritius.''.

(b) APPLICABILITY.—The amendments made by subsection (a) apply to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

(c) REVIEW AND REPORTS.—

(1) ITC REVIEW AND REPORT.—

(A) REVIEW.—The United States International Trade Commission shall conduct a review to identify yarns, fabrics, and other textile and apparel inputs that through new or increased investment or other measures can be produced competitively in beneficiary sub-Saharan African countries.

(B) REPORT.—Not later than 7 months after the date of the enactment of this Act, the United States International Trade Commission shall submit to the appropriate congressional committees and the Comptroller General a report on the results of the review carried out under subparagraph (A).

(2) GAO REPORT.—Not later than 90 days after the submission of the report under paragraph (1)(B), the Comptroller General shall submit to the appropriate congressional committees a report that, based on the results of the report submitted under paragraph (1)(B) and other available information, contains recommendations for changes to United States trade preference programs, including the African Growth and Opportunity Act (19 U.S.C. 3701 et seq.) and the amendments made by that Act, to provide incentives to increase investment and other measures necessary to improve the competitiveness of beneficiary sub-Saharan African countries in the production of yarns, fabrics, and other textile and apparel inputs identified in the report submitted under paragraph (1)(B), including changes to requirements relating to rules of origin under such programs.

(3) DEFINITIONS.—In this subsection—

(A) the term ''appropriate congressional committees'' means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate; and

(B) the term ''beneficiary sub-Saharan African countries'' has the meaning given the term in section 506A(c) of the Trade Act of 1974 (19 U.S.C. 2466a(c)).

(d) CLERICAL AMENDMENT.—Section 6002(a)(2)(B) of Public Law 109–432 is amended by striking ''(B) by striking'' and inserting ''(B) in paragraph (3), by striking''.

SEC. 4. GENERALIZED SYSTEM OF PREFERENCES.

Section 505 of the Trade Act of 1974 (19 U.S.C. 2465) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 5. CUSTOMS USER FEES.

(a) IN GENERAL.—Section 13031(j)(3) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)) is amended—

(1) in subparagraph (A), by striking ''November 14, 2017'' and inserting ''February 21, 2018''; and

(2) in subparagraph (B)(i), by striking ''October 7, 2017'' and inserting ''January 31, 2018''.

(b) REPEAL.—Section 15201 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246) is amended by striking subsections (c) and (d).

SEC. 6. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

The percentage under subparagraph (C) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 in effect on the date of the enactment of this Act is increased by 2.25 percentage points.

SEC. 7. TECHNICAL CORRECTIONS.

Section 15402 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246) is amended—

(1) in subsections (a) and (b), by striking ''Carribean'' each place it appears and inserting ''Caribbean''; and

(2) in subsection (d), by striking ''231A(b)'' and inserting ''213A(b)''.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PERMISSION TO CONSIDER AS ADOPTED MOTIONS TO SUSPEND THE RULES

Mr. SCOTT of Virginia. Madam Speaker, I ask unanimous consent that the motions to suspend the rules relating to the following measures be considered as adopted in the form considered by the House on Saturday, September 27, 2008: House Resolution 1224, H.R. 4131, H.R. 6600, H.R. 6669, S. 3536, S. 3598, S. 3296, and S. 2304.

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

There was no objection.

The SPEAKER pro tempore. Without objection, respective motions to reconsider are laid on the table.

There was no objection.

THE DEFEAT OF THE EMERGENCY ECONOMIC STABILIZATION ACT OF 2008

(Ms. KAPTUR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. KAPTUR. Madam Speaker, this was an amazing day in the Congress of the United States. The American people were actually heard, and fear was put on the shelf as we stopped hasty action that Wall Street powerhouses had attempted to ram through this Congress. It was a sobering day. It was an exhausting day. Now we have to get to work to create a new moment: to draft legislation on a bipartisan basis that is responsible, that is rigorous and that meets the real needs.

This includes securities and exchange reform legislation to expand credit flows. The SEC and bank regulators must act immediately to suspend the fair value accounting rules; they must clamp down on abuses by short sellers, and they must withdraw the Basel II capital rules. These will go a long way to expanding credit flows at the local level.

We have to stabilize our housing markets on Main Street, and we have to reform the regulatory process and investigate the wrongdoers who brought America and the American people to this juncture.

We have to fund the FBI to go after those who have exhibited malfeasance, accounting fraud, who have used abusive practices, and who have made billions doing it.

I want to thank the American people and this Congress for doing what was right, not what was hasty.

REGULATING WALL STREET

(By William M. Isaac)

The Fed's decision to open the discount window to Wall Street firms, and to subsidize the takeover of Bear Stearns, requires that we rethink the regulation of Wall Street. How we resolve the issues will have profound effect on our financial markets for years to come.

Before attempting to come up with answers, we need to make sure we know and understand the questions. I will try to identify the important ones.

A. Who Gets Access to the Safety Net? Under What Circumstances? What Price Do They Pay? The federal safety net (i.e., the ability to borrow from the Fed and to offer insured deposits) was created to promote stability in the banking and thrift industries, and the cost is borne by banks and thrifts. The deposit insurance fund now exceeds $50 billion, and each year the Fed pays to the Treasury billions of dollars of profits earned in part from interest-free reserves maintained by banks.

If we expand the safety net, which firms should be included—investment banks, hedge funds, leveraged buyout firms, insurance companies, others? How will we draw the line—size of firm, inter-connections to other firms, harm a failure would cause to consumers or businesses, the potential impact of a failure on financial stability?

If non-banks are granted access to the safety net, will they be required to help pay cost? Would it be fair to banks and thrifts to have invested billions per year in the safety net for much of the past century to suddenly allow non-banks to obtain the benefits of the safety net? What would be the competitive effects on banks and thrifts?

B. Who Will Regulate Our New Universe of Safety Net Firms? Treasury argues that we need to revamp the regulation of financial firms in view of the new world of finance in which commercial banks, thrifts, investment banks, insurance companies, and others perform many of the same functions. It is suggested that we need to consolidate the regulators while designating a single ''market stability'' regulator.

I would argue that the genius of the American system of government is the diffusion of government power. We do not believe in centralized planning, and we rely heavily on checks and balances.

One of the clearest lessons of the S&L crisis of the 1980s is that we must have an independent deposit insurance agency armed with the full array of examination and enforcement powers. The former FSLIC, which insured deposits at S&Ls, was a toothless agency operating as a subsidiary of the primary regulator. The failure to provide that check on the S&L industry was an important contributing factor to a taxpayer loss of some $150 billion. Are we prepared to go down that path again in our pursuit of a tidy organizational chart?

We currently have at least four agencies heavily focused on maintaining stability in the financial markets—the Fed, the SEC, the FDIC, and Treasury. Do we really believe that having a single agency fretting about market stability will be an improvement? If so, which agency has been proven to have such all-knowing vision and wisdom?

The major problem confronting our financial system for the past year is the collapse in the residential real estate markets. Did the banking agencies and Treasury not notice that unregulated mortgage loan brokers were sprouting up everywhere, that securitizations were providing unprecedented liquidity to mortgage markets, that home loan underwriting standards were deteriorating, and that home prices were skyrocketing? Did the agencies seek more information or take actions to dampen the frenzy, were they rebuffed, or did they not appreciate the potential problems?

Take a look at the public debate while the real estate bubble was building. You will find the Fed and Treasury touting the Basel II capital regime as the way to make more precise calculations of how much capital was really required in our banks. It was argued that this would allow our large banks to reduce their capital to international norms, or about half the U.S. level. Does that sound like folks who were concerned in the slightest about a bubble in real estate?

Thankfully, the FDIC, the OTS, and a few Congressional leaders fought against eliminating the minimum capital requirement for U.S. banks. As bad as things might be right now, how much worse they would be if Basel II had breezed through without a minimum capital standard and our major banks had leveraged their balance sheets even further during the past few years?

One final question to ponder as we debate our future: Would we be better served by a messy, contentious, and some times frustrating regulatory system that moves cautiously or by a highly efficient system that runs with alacrity off the nearest cliff?

Would it be more appropriate to legislate that non-banks develop and pay for their own safety net? Should we impose new standards to reduce greatly the odds that non-banks will ever need to use the safety net again? Might it be appropriate to enact tough ground rules restricting the ability of the Fed to lend to non-bank firms in the absence of a national emergency? Should the Fed be allowed to act unilaterally?

If non-bank firms are included in the bank-funded safety net, what sort of regulation will we impose on them? Will it be equivalent to the regulation of banks, i.e., capital regulation, liquidity requirements, examinations, reporting requirements, compliance regulations, limitations on loans to affiliates and officers and directors, restrictions on ownership and permissible activities, lending limits, and a full range of regulatory enforcement powers?

If non-bank firms are included in the bank-funded safety net and then fail, how will the failures be handled? Will they be subject to the receivership powers of the FDIC? If not, who will administer the receivership?

Do we want our central bank providing liquidity and also handling failures? We used to have a comparable system in the S&L industry with disastrous results.

If we go down the path of comparable regulation of commercial banks and investment banks, will investment banks be able to continue their high-risk underwriting and investment activities so vital to capitalism? If not, will they remain in the U.S. or move their headquarters to London or Dubai?

HOW TO SAVE THE FINANCIAL SYSTEM

(By William M. Isaac)

I am astounded and deeply saddened to witness the senseless destruction in the U.S. financial system, which has been the envy of the world. We have always gone through periods of correction, but today's problems are so much worse than they needed to be.

The Securities and Exchange Commission and bank regulators must act immediately to suspend the Fair Value Accounting rules, clamp down on abuses by short sellers, and withdraw the Basel II capital rules. These three actions will go a long way toward arresting the carnage in our financial system.

During the 1980s, our underlying economic problems were far more serious than the economic problems we're facing this time around. The prime rate exceeded 21%. The savings bank industry was more than $100 billion insolvent (if we had valued it on a market basis), the S&L industry was in even worse shape, the economy plunged into a deep recession, and the agricultural sector was in a depression.

These economic problems led to massive credit problems in the banking and thrift industries. Some 3,000 banks and thrifts ultimately failed, and many others were merged out of existence. Continental Illinois failed, many of the regional banks tanked, hundreds of farm banks went down, and thousands of thrifts failed or were taken over.

It could have been much worse. The country's 10-largest banks were loaded up with Third World debt that was valued in the markets at cents on the dollar. If we had marked those loans to market prices, virtually every one of them would have been insolvent. Indeed, we developed contingency plans to nationalize them.

At the outset of the current crisis in the credit markets, we had no serious economic problems. Inflation was under control, GDP growth was good, unemployment was low, and there were no major credit problems in the banking system.

The dark cloud on the horizon was about $1.2 trillion of subprime mortgage-backed securities, about $200 billion to $300 billion of which was estimated to be held by FDIC-insured banks and thrifts. The rest were spread among investors throughout the world.

The likely losses on these assets were estimated by regulators to be roughly 20%. Losses of this magnitude would have caused pain for institutions that held these assets, but would have been quite manageable.

How did we let this serious but manageable situation get so far out of hand—to the point where several of our most respected American financial companies are being put out of business, sometimes involving massive government bailouts?

Lots of folks are assigning blame for the underlying problems—management greed, inept regulation, rating-agency incompetency, unregulated mortgage brokers and too much government emphasis on creating more housing stock. My interest is not in assigning blame for the problems but in trying to identify what is causing a situation, that should have been resolved easily, to develop into a crisis that is spreading like a cancer throughout the financial system.

The biggest culprit is a change in our accounting rules that the Financial Accounting Standards Board and the SEC put into place over the past 15 years: Fair Value Accounting. Fair Value Accounting dictates that financial institutions holding financial instruments available for sale (such as mortgage-backed securities) must mark those assets to market. That sounds reasonable. But what do we do when the already thin market for those assets freezes up and only a handful of transactions occur at extremely depressed prices?

The answer to date from the SEC, FASB, bank regulators and the Treasury has been (more or less) ''mark the assets to market even though there is no meaningful market.'' The accounting profession, scarred by decades of costly litigation, just keeps marking down the assets as fast as it can.

This is contrary to everything we know about bank regulation. When there are temporary impairments of asset values due to economic and marketplace events, regulators must give institutions an opportunity to survive the temporary impairment. Assets should not be marked to unrealistic fire-sale prices. Regulators must evaluate the assets on the basis of their true economic value (a discounted cash-flow analysis).

If we had followed today's approach during the 1980s, we would have nationalized all of the major banks in the country and thousands of additional banks and thrifts would have failed. I have little doubt that the country would have gone from a serious recession into a depression.

If we do not halt the insanity of forcing financial firms to mark assets to a non-existent market rather than their realistic economic value, the cancer will keep spreading and will plunge the world into very difficult economic times for years to come.

I argued against adopting Fair Value Accounting as it was being considered two decades ago. I believed we would come to regret its implementation when we hit the next big financial crisis, as it would deny regulators the ability to exercise judgment when circumstances called for restraint. That day has clearly arrived.

Equally egregious are the actions by the SEC in recent years lifting the restraints on short sellers of stocks to allow ''naked selling'' (shorting a stock without actually possessing it) and to eliminate the requirement that short sellers could sell only on an uptick in the market.

On top of this, it is my understanding that short sellers are engaged in abuses such as purchasing credit default swaps on corporate bonds (essentially bets on whether a borrower will default), which lowers the price of the bonds, which in turn causes the price of the company's stock to decline further. Then the ratings agencies pile on and reduce the ratings of a company because its reduced stock price will prevent it from raising new capital. The SEC must act immediately to eliminate these and other potential abuses by short sellers.

The Basel II capital rules adopted by the FDIC, Federal Reserve, Office of Thrift Supervision and the Comptroller of the Currency last year are too new to have caused big problems, but they must be eliminated before they do. Basel II requires the use of very complex mathematical models to set capital levels in banks. The models use historical data to project future losses. If banks have a period of low losses (such as in the mid–1990s to the mid–2000s), the models require relatively little capital and encourage even more heated growth. When we go into a period like today where losses are enormous (on paper, at least), the models require more capital when none is available, forcing banks to cut back lending.

As I write this article, I am seeing proposals by some to create a new Resolution Trust Corp., as we did in the 1990s to clean up the S&L problems. The RTC managed and sold assets from S&Ls that had already failed. It was run by the FDIC, just like the FDIC. We needed to create the RTC in the 1990s only because we could not comingle the assets from failed banks with those of failed thrifts, because we had two separate deposit insurance funds absorbing the respective losses from bank and thrift failures.

I can't imagine why we would want to create another government bureaucracy to handle the assets from bank failures. What we need to do urgently is stop the failures, and an RTC won't do that.

Again, we must take three immediate steps to prevent a further rash of financial failures and taxpayer bailouts. First, the SEC must suspend Fair Value Accounting and require that assets be marked to their true economic value. Second, the SEC needs to immediately clamp down on abusive practices by short sellers. It has taken a first step in reinstituting the prohibition against ''naked selling.'' Finally, the bank regulators need to acknowledge that the Basel II capital rules represent a serious policy mistake and repeal the rules before they do real damage.

We are almost out of time if we hope to eradicate the cancer in our financial system.

Mr. Isaac, chairman of the Federal Deposit Insurance Corp. from 1981–1985, is chairman of the Washington financial services consulting firm The Secura Group, an LECG company.

[From the Washington Post, Sept. 27, 2008]

A BETTER WAY TO AID BANKS

(By William M. Isaac)

Congressional leaders are badly divided on the Treasury plan to purchase $700 billion in troubled loans. Their angst is understandable: It is far from clear that the plan is necessary or will accomplish its objectives.

It's worth recalling that our country dealt with far more credit problems in the 1980s in a far harsher economic environment than it faces today. About 3,000 bank and thrift failures were handled without producing depositor panics and massive instability in the financial system.

The Federal Deposit Insurance Corp. has just handled Washington Mutual, now the largest bank failure in history, in an orderly manner, with no cost to the FDIC fund or taxpayers. This is proof that our time-tested system for resolving banking problems works.

One argument for the urgency of the Treasury proposal is that money market funds were under a great deal of pressure last week as investors lost confidence and began withdrawing their money. But putting the government's guarantee behind money market funds—as Treasury did last week—should have resolved this concern.

Another rationale for acting immediately on the bailout is that bank depositors are getting panicky—mostly in reaction to the July failure of IndyMac, in which uninsured depositors were exposed to loss.

Does this mean that we need to enact an emergency program to purchase $700 billion worth of real estate loans? If the problem is depositor confidence, perhaps we need to be clearer about the fact that the FDIC fund is backed by the full faith and credit of the government.

If stronger action is needed, the FDIC could announce that it will handle all bank failures, except those involving significant fraudulent activities, as assisted mergers that would protect all depositors and other general creditors. This is how the FDIC handled Washington Mutual. It would be easy to announce this as a temporary program if needed to calm depositors.

An additional benefit of this approach is that community banks would be put on a par with the largest banks, reassuring depositors who are unconvinced that the government will protect uninsured depositors in small banks.

I have doubts that the $700 billion bailout, if enacted, would work. Would banks really be willing to part with the loans, and would the government be able to sell them in the marketplace on terms that the taxpayers would find acceptable?

To get banks to sell the loans, the government would need to buy them at a price greater than what the private sector would pay today. Many investors are open to purchasing the loans now, but the financial institutions and investors cannot agree on price. Thus private money is sitting on the sidelines until there is clear evidence that we are at the floor in real estate.

Having financial institutions sell the loans to the government at inflated prices so the government can turn around and sell the loans to well-heeled investors at lower prices strikes me as a very good deal for everyone but U.S. taxpayers. Surely we can do better.

One alternative is a "net worth certificate" program along the lines of what Congress enacted in the 1980s for the savings and loan industry. It was a big success and could work in the current climate. The FDIC resolved a $100 billion insolvency in the savings banks for a total cost of less than $2 billion.

The net worth certificate program was designed to shore up the capital of weak banks to give them more time to resolve their problems. The program involved no subsidy and no cash outlay.

The FDIC purchased net worth certificates (subordinated debentures, a commonly used form of capital in banks) in troubled banks that the agency determined could be viable if they were given more time. Banks entering the program had to agree to strict supervision from the FDIC, including oversight of compensation of top executives and removal of poor management

The FDIC paid for the net worth certificates by issuing FDIC senior notes to the banks; there was no cash outlay. The interest rate on the net worth certificates and the FDIC notes was identical, so there was no subsidy.

If such a program were enacted today, the capital position of banks with real estate holdings would be bolstered, giving those banks the ability to sell and restructure assets and get on with their rehabilitation. No taxpayer money would be spent, and the asset sale transactions would remain in the private sector where they belong.

If we were to (1) implement a program to ease the fears of depositors and other general creditors of banks; (2) keep tight restrictions on short sellers of financial stocks; (3) suspend fair-value accounting (which has contributed mightily to our problems by marking assets to unrealistic fire-sale prices); and (4) authorize a net worth certificate program, we could settle the financial markets without significant expense to taxpayers.

Say Congress spends $700 billion of taxpayer money on the loan purchase proposal. What do we do next? If, however, we implement the program suggested above, we will have $700 billion of dry powder we can put to work in targeted tax incentives if needed to get the economy moving again.

The banks do not need taxpayers to carry their loans. They need proper accounting and regulatory policies that will give them time to work through their problems.

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LET'S WORK TOGETHER TO ADDRESS THE NATION'S CURRENT FINANCIAL CHALLENGES

(Mr. DOGGETT asked and was given permission to address the House for 1 minute.)

Mr. DOGGETT. Madam Speaker, as one of those who voted against President Bush's bailout proposal, I want to express my continued interest in working together to address the Nation's current financial challenges. I do not oppose reasonable steps to intervene in the economy so long as all the burden is not placed on the taxpayers.

I recommend that the House promptly approve a resolution calling on the Administration to exercise authority it already possesses to ensure that our financial markets continue to function properly.

The FDIC should utilize its emergency powers to immediately raise the limits on federally-insured accounts at all banks. The Securities and Exchange Commission should review and consider suspension of current accounting rules on the valuation of mortgage-backed securities. And the FDIC should consider relying on the net worth certificate approach that it utilized during the savings and loan debacle of the 1980s.

These are not just my ideas, rather, they are ideas recommended to the Congress by William Isaac, President Reagan's former Chairman of the Federal Deposit and Insurance Corporation. That approach, and others that were not considered last week, should be considered now to ensure that our financial markets continue to operate.

CALLING UPON CHAIRMAN COX TO GET RID OF MARK-TO-MARKET ACCOUNTING

(Mr. BROUN of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROUN of Georgia. Madam Speaker, this is a historic vote today. I'm sure that everyone who voted did so very thoughtfully, most of us very prayerfully. But, Madam Speaker, Chairman Cox, Chairman of the Securities and Exchange Commission, today could fix a lot of the problems here by, by a stroke of a pen, getting rid of mark-to-market accounting across the board. I call upon Mr. Cox to do so today. The markets will respond markedly, and I hope that he will listen and do so.

HANK PAULSON GOT HIS REJECTION NOTICE FROM CONGRESS

(Mr. DEFAZIO asked and was given permission to address the House for 1 minute.)

Mr. DEFAZIO. Madam Speaker, there are many of us from day one who questioned the Paulson premise that dumping $700 billion into bad debt on Wall Street would somehow help revive the American economy, help Main Street, help small businesses, help the people I'm here to represent. I believe today gives us an opportunity to step back and begin again to construct a package that does not put the taxpayers at risk for $700 billion.

William Isaac headed up the FDIC during the savings and loan crisis. He took a $100 billion problem and he solved it for $2 billion; he says we can do the same thing here, pennies on the dollar. And then, that would leave a lot of borrowing capacity to help begin to inject money into public works projects, infrastructure in this country, other things that benefit average Americans, put us back to work, and make us a more competitive economy.

We need to go back to the drawing board with a democratic proposal. Hank Paulson just got his rejection notice here from Congress.