

trade it in, because I don't have a down payment for another car. I would be without a car, so I have to keep paying on this gas-guzzler. I would like to get a more efficient car.

This would allow those people to buy a new car, a more efficient car. It is good for everybody.

But we come back to what I said earlier: If people cannot buy cars, then it doesn't matter how many trillions of dollars we give to the auto makers, they are going to still ultimately go out of business. And the trouble with bailouts is once you start giving money to anybody, whether it is a bank, an insurance company, whoever, once you start that process, you will always be able to find someone more deserving of a bailout than those who have already gotten money, and there becomes no good place to stop.

Well, when you love someone and you see that they are getting addicted to some substance, and as a judge I saw it, you see them getting addicted to something, then it is time to have an interdiction and say I love you too much to allow you to continue this addiction. We are not going to let you have any more of that.

Now, I was upset when we were talking about an auto bailout, because I knew the auto makers had been withholding hold-back money, rebate money, that they contractually owed dealers. They were putting dealers in a bind just because they weren't abiding by their own contracts. As I understand it, they have begun to catch up on that, and that is appropriate.

But to see then letters from major banks who have gotten billions of tax dollars who are now saying we are not going to be lending money for cars, we are not going to be lending money to dealers anymore, even though they are wonderful dealers, they have a good business, it looks like they will stay in business for good, we are just not going to lend anymore, that is such an abuse and 180 degrees from what was promised.

Now, some would say we should not get the Federal Government into the business of telling lenders what to do with their money, and I am one of those. However, the danger that every bank should have been told by their attorneys is, keep in mind if you take Federal money, the Federal Government is going to have their hand in your business and they are going to tell you how to run it, because they are a partner with you. And I happen to believe if we are going to put Federal money in something, we should have restrictions and tell people like a bank that this is what you can and can't do. Secretary Paulson did not do that.

But my preference is don't give away any more bailout money. Let's let the people that earned it keep it and let them decide who deserves to be bailed out and who deserves to have their products purchased. That is how a free market works.

When you look back, you see that an open government is a good thing, a free

market is a good thing. To my way of thinking, being such a student of history, it looks like from our founding documents the most important job that we have as a Federal Government is to provide for the common defense. Then, beyond that, this Federal Government should create a level playing field, punish cheaters, make sure everybody plays fairly, and then let them play. That is what we need to be doing, and we have gone so far in excess of that.

This government, when I heard that we were going to encourage a car czar, I couldn't believe it. I mean, we can't even do a good job of designing our own I.D. card. Can you imagine what we would do with cars? Good grief. We should not be in that business.

So I would encourage people, Mr. Speaker, who believe that they would do a better job of spending their own money, to contact their Representative, contact their Senator, call the Capitol Hill operator and they can be connected to their Representative, their Senators, and that would go a long way toward getting this bill to the floor and getting it passed. Because it is not an issue of if the money will be spent, it is an issue of will the Treasury Secretary squander it on your behalf, or will you be able to use your own money to help get this economy turned around.

REVIEWING THE NATION'S LONG-TERM ECONOMY

The SPEAKER pro tempore (Mr. YARMUTH). Under a previous order of the House, the gentleman from Virginia (Mr. WOLF) is recognized for 5 minutes.

Mr. WOLF. Mr. Speaker, I have been concerned about the financial future of our country for some time and in 2006 introduced a bill to set up a national commission to review our Nation's long-term economy, including mandatory entitlement spending, discretionary spending and tax policy. It is bipartisan. We have well over 100 members from both sides of the aisle.

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The bipartisan Cooper-Wolf SAFE proposal was similar to the commission proposal by Senator CONRAD and Senator Judd Gregg of New Hampshire, would be bipartisan and a way to review entitlement spending and force the Congress to act. The commission has over 100 cosponsors during the last Congress.

We've all read, Mr. Speaker, the stark figures of the 2008 Financial Report of the Federal Government. Even more telling is, during the month of October and November, for the first 2 months of this fiscal year, the Federal Government piled up \$401 billion in red ink, and we're on a pace to surpass the fiscal year 2008 deficit of 455; in 2 months almost we're going to rival that.

And yesterday, President-elect Obama predicted a \$1 trillion deficit, he said, "for years to come."

Now, does anybody really care? It just seems that this institution continues to go and do what it's done in the past. In the past few days, numerous sources have reported that the economic stimulus is expected to cost \$675 billion, and some are saying up to \$1 trillion.

Mr. Speaker, whatever package is voted on, Congress has the obligation to their children and their grandchildren and to their constituents to find a bipartisan way to address the Nation's looming financial crisis by including a mechanism to deal with the underlying problem, what is now on auto-pilot spending. If we don't do this in this Congress when we're doing the stimulus, I think both political parties in this Congress, the 111th Congress, will go down as the Congress that refused to deal with the fundamental issues that are facing this country.

There's the Simon and Garfunkel song, The Boxer, that says "Man hears what he wants to hear and disregards the rest."

This Congress disregards the overwhelming debt that we have faced in this Nation. I have here, Mr. Speaker, a bill issued by the Federal Reserve of Zimbabwe in July of last year. It's \$100 billion. \$100 billion. It won't even buy a loaf of bread. Is this the future of our country?

And if this Congress, and let me just say to my colleagues on this side, if our party doesn't deal with this issue, and they don't deal with this issue then, frankly, this Congress will go down in Congress' history as the Congress that's neglected to deal with these fundamental issues.

So many say, why a short-term stimulus simultaneously with this? Well, it takes two legs to walk. If we can demonstrate that we are dealing with the entitlement issue now, that may very well get whatever short-term thing we're going to do to demonstrate that we have the commitment to make it work.

Isabel Sawhill, Senior Fellow at the Brookings Institute, has likened the situation in our country, she said, to "termites in the woodwork, slowly eroding our strength as a nation."

I recently read a speech by Richard Fisher, President of the Federal Reserve Bank of Dallas; it's called Storms on the Horizon. It's a sobering account from a monetary policy point of view of why deficits matter. And it is frightening. I put it in the CONGRESSIONAL RECORD every day. I would hope Members of Congress could read it.

But what he said is doing deficit math is a sobering exercise. It becomes an outright painful one when you apply your calculator to long-term fiscal challenge posed by entitlement programs. Then he goes on to say that we are facing catastrophic conditions. Our children, our grandchildren, our constituents are facing a catastrophic condition if we don't act.

Some people say we need regular order. Frankly, if we don't do this in a

bipartisan way, 8 Republicans, 8 Democrats, similar to what we did on the Iraq Study Group, frankly, I think this Congress will not have the courage, the foresight, the ability to vote on these issues to deal with it.

So what we are saying is a massive package up-or-down vote, 8 Republicans, 8 Democrats, this bill was drafted by the Heritage Foundation, by the Brookings Institution, supported by David Walker, supported by David Broder, by David Brooks, by economists all over the country, and then it uses the language that is in the Base Closing Commission that requires, because if you don't require this institution to act it will not act. It will find all the reasons it can to neglect it. It will require it to act in 60 days.

So I say to my colleagues on this side, if we're going to deal with this stimulus, we'd better have our own ideas and put up for a proposal, which I will do unless I'm tied and gagged, I will offer a motion here to force us to vote on this.

And I say for the other side, I ask you to do the same thing so we could come together in a bipartisan way so when we leave this Congress we know that we have truly dealt with the entitlement issue and saved America for our children and our grandchildren and future generations.

OUR ECONOMIC SITUATION AND FOREIGN POLICY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from California (Mr. SHERMAN) is recognized for 60 minutes as the designee of the majority leader.

Mr. SHERMAN. I will take much but not all of this hour to speak. Roughly, the first half of the presentation will be on our economic situation. The second half will focus on foreign policy.

I know that I have a number of colleagues that may have important things to say to this House, and if they come to the floor, I'll be happy to yield them a few minutes at a time that is convenient for them.

Even with this long speech, I will not be able to cover all the details that I'd like to provide to my colleagues. Therefore, I invite all my colleagues to visit the relevant portion of my web page, bradsherman.house.gov for more of the details of the matters I'll be discussing here.

In talking about our economy, I will divide my speech first to talking about matters relevant to the Financial Services Committee, on which I've served for 12 years, and particularly the bill known as TARP, or EESA, the Emergency Economic Stabilization Act, best known to the public as the \$700 billion bailout bill.

The second part of my economic presentation will deal with the stimulus package now being put together, particularly by the Committees on Appropriations and Ways and Means.

Now, I was a critic and twice voted against the \$700 billion bailout bill, the so-called TARP. The supporters of that bill will have to admit that it has not restored our economy as the proponents had advertised, and, in fact, some of the worst times for the economy were the 2 to 3 weeks following its passage.

On the other hand, those of us who were critics should admit that the bill has, frankly, cost the government far less than I had anticipated. When I say cost, I don't mean just how much is spent, but from that must be subtracted the value of the securities, the bonds and the stock certificates received by the Federal Government.

In this case, Secretary Paulson misled this House and the other body by testifying that he would use the \$700 billion to buy toxic assets, bad bonds. Had he done that, and all of us voting on the bill had every reason to believe that he was telling us the truth, had he carried out that policy, then he would have bought, for the money he had spent, whether it's the 350 billion he has spent so far or the 700 billion that I feared he would spend, he would have spent that money in return for assets of dubious value. That's why they're called toxic assets.

In contrast, having misled the House and the other body, Secretary Paulson bought preferred stock in the various financial institutions. In doing so, he was overly generous to Wall Street as to the terms, but, nevertheless, he did secure assets for the Treasury that are of substantial value.

Paulson's shift, frankly, was right along the lines that many of us who are critics of the bill had urged him to adopt. And so those who supported the bill, those who are critics of it, must both recognize that what the Treasury has done so far is far different from what all of us believed would, in fact, be the policy.

Now, we see that \$350 billion has been expended by the Treasury, and another \$350 billion remains unspent. I am pleased that the Secretary of the Treasury has not yet taken the procedural actions to release and give himself control of the remaining \$350 billion.

It is my understanding that leadership will bring to this House a bill that will release the \$350 billion to the Treasury and will impose additional conditions. And I'd like to take a few minutes to address what I think ought to be in that bill.

First, is the issue of whether any of the funds to be released, any of that second \$350 billion, will be available to the Bush administration. Last month I wrote the chairman of the Financial Services Committee saying that we should have limits on the amount that could be spent by the Bush administration out of the second \$350 billion. In fact, I proposed that only \$10 billion or less be available to the Bush administration to deal with whatever exigencies it dealt with in its waning days. It

is my understanding that the bill that will be brought before this House will provide the Bush administration with \$0 to deal with whatever comes up in its last week or so in office.

In any case, I think, having seen Paulson in action, the vast majority of this House would believe that somewhere between 95 percent and 100 percent of the second \$350 billion, if it is made available to anyone in the executive branch should be made available only to the Obama administration.

I should point out something about process. It would be best if any bill dealing with the second \$350 billion was actually dealt with in regular order.

Now, I'm not saying necessarily that every committee of possible jurisdiction should do a full markup, but as we deal with this economic crisis, at least the primary committee as to each bill should have a markup so that Members can be heard, and the House can work its will.

In addition, I would hope that the Rules Committee would allow a reasonable number of amendments to be considered on the floor.

In addition, I would hope that the Financial Services Committee would give the same scrutiny to the financial institutions who have received and are likely to receive additional bailout monies as we gave to the executives of the three automobile makers.

We need extensive hearings. We need to bring the titans of Wall Street down, and we need to have these hearings at both the full committee and the subcommittee level.

We do not want to give further credence to the accusation that Congress and the administration have two standards for scrutinizing bailout requests, one for those who shower before work and a more severe standard for those who must shower after work. We should have at least the same amount of scrutiny to an industry that has already received the bulk of \$350 billion as we provided to an automobile industry that is requesting amounts less than 5 percent of that amount.

Now, what should we provide in the way of restrictions to those who obtain bailout funds or retain the bailout funds they have already received?

Federal dollars should be expended to bail out private interests only on the toughest terms. Taxpayers should demand the highest yield, the largest equity upside, the strictest limits on executive compensation and perks. Even when we bail out individual homeowners rather than big time executives and shareholders of major companies, the Treasury should get a large share of the profit that they earn when they sell their homes.

Why is it so important that we are tough on those who seek bailout funds? There are three important reasons. First, being tough will increase support for the program. The public is currently focused on executive compensation and perks. I think it will soon focus on the value of the securities the