GENERAL LEAVE

Mr. FRANK of Massachusetts. I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on H.R. 384 and insert extraneous material thereon.

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

There was no objection.

TARP REFORM AND ACCOUNTABILITY ACT OF 2009

The SPEAKER pro tempore. Pursuant to House Resolution 53 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. 384.

□ 1649

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. 384) to reform the Troubled Assets Relief Program of the Secretary of the Treasury and ensure accountability under such Program, with Mr. SALAZAR 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 Alabama (Mr. BACHUS) each will control 1 hour.

The Chair recognizes the gentleman from Massachusetts.

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

Mr. Chairman, the parliamentary situation must be understood. Last year, when we responded to the urgent pleas of the Bush administration to authorize the $700 billion deployment of Federal funds to unstick the credit markets, we resisted their insistence that all the money be made available rapidly, and at least said that they would have the right to spend the first half, but after having spent the first half, would have to notify Congress of any intent to spend the second half, and that we would have 15 days in which to consider, under expedited procedures, resolutions to disapprove that.

As the Bush administration began to administer this program, many of us became very unhappy, in particular, we felt that they had repudiated commitments they had given to us to use a significant part of the fund to diminish foreclosures.

We also thought it was a mistake to provide infusions of capital to banks without any requirements as to what was done with that capital. The infusion of capital was not, in itself, a bad idea, but doing it in a way without conditions was in error.

Because of the dissatisfaction with that and some other aspects, we made it clear, many of us, to the Secretary of the Treasury that any requests to free up the second 350 would be voted down by the Congress, possibly by a sufficient majority to override a veto. The Secretary of the Treasury, therefore, withheld using any of those funds.

We now have a new administration coming in, and many of us believe that the new administration should have the opportunity to spend, lend, deploy the 350. The main argument against it is very simple; because the Bush administration messed this up, we must not allow the Obama administration to do it.

People talk about this program, the TARP, it is called, the Troubled Asset Relief Program, and they impute to it a personality. It becomes, in some of the rhetoric, a living organism. We can't trust the TARP. The TARP was bad.

Well, the TARP is not an organism. It has no mind; it has no spirit. It is a set of policy tools. And at the outset, the argument that because the Bush administration used those tools in ways that we disagree with, we should deny them to the Obama administration goes much too far.

If I were to follow the principle that where the Bush administration did things badly, I would deny the Obama administration the chance to do them, we would not have a State Department because I don't like the Bush administration's foreign policy on the whole. But I do not think we should therefore deprive the new President of the chance to do it.

Instead, what we do, and here's where the parliamentary situation comes in. We have a vote coming under the bill that we passed last year on resolutions of disapproval in the Senate and the House, and they cannot be stopped, thanks to the way we wrote this, by the Rules Committee, by a filibuster or by anything else. Prior to that vote, many us believe we, in the House, should make clear what conditions we would want to impose on this if it does go forward.

Now, I believe the Obama administration will do this better than the Bush administration, but I want to go more than simply believing that. I think it is important that we pass this bill that makes clear what we believe should be in it, and hope that it passes the Senate, but even if it does not get taken up there for a while, and we've had long delays, have the administration commit to it.

Now, I'm somewhat bemused by my colleagues on the other side of the aisle. Trying to follow their path on this whole program has made me dizzy. Last year they were, at various points, ardently for it, then against it, then for it again. They were for it in the end only with a condition that had to be added to it involving insurance, which the Secretary of the Treasury of their administration said he did not think made any sense and he did not plan to include it.

The leadership, I sympathize on the other side. They've got a membership that they have found hard sometimes to work with, and that has led the leadership to go, in my judgment, in the last year, from obstruction to irrelevance to self-delusion. First they said, let's not do anything. Then they absented themselves from negotiations involving the White House and the Treasury, the Senate Republicans and Democrats and ourselves. They just weren't there, and they wouldn't tell us what they thought. Then finally they felt they had to do something, so they said they would support the bill on condition that it include this insurance plan which the Secretary of the Treasury has made very clear to people he intended to ignore. That gave enough of them enough comfort to vote for the bill.

Now, we found that leaders on the other side who supported this when it was for the Bush administration, now want to deny it to the Obama administration because they correctly realized that the Bush administration did not do it well.

I know that quoting the Bible is in vogue in some circles. I'm not the best exegete, but I will say there is an analogy, you were told, I think, not to visit the sins of the father on the son, or maybe you're told that you should. I'll be honest and say I don't quite remember.

But I certainly do know that when you are dealing with important matters of public policy and tools that you give a President, visiting the sins of one administration on that administration which is not only coming after it, but repudiated it politically would be a great mistake.

Now, the last point I would make is again to emphasize. This vote that we will take on this bill does not free up the money. It does not free up the money. It does not mean the money should be spent. It will mean, after we have dealt with the amendment process, that if the money is spent, we want it spent in this way. There will be a separate vote on whether or not it should be spent.

Now as I understand, I realize that my Republican colleagues in the leadership, on the whole, intend now to repudiate their support for this retroactively, but it comes too late. Punishing the Obama administration, denying the incoming administration the opportunity to deploy these resources, particularly after they have agreed, as I believe they will, very explicitly with what the House thinks should be included, would be a great mistake.

And the last point I would make is this. If we do not pass this bill today, and I believe that, in a subsequent and independent decision, agree to release the $350 billion, we will make no progress in what is the single biggest economic problem we've been facing, namely, the foreclosure crisis, which has been the cause of so much else.

There has been very little done in the foreclosure crisis. We have tried. We passed a bill. It didn't work very well. The one chance we have to bring relief to a substantial number of people facing foreclosure and, importantly, undo the economic harm that does for the country, because foreclosures don't just hurt the person who's losing the property. They have been a central cause of our economic problem, widely agreed upon by a wide range of economists.

Passing this bill, and then in a subsequent vote, unrelated, but independent, but as part of a package, freeing up the second $350 billion, subject to the conditions we put today, is the only way Members will have to see that foreclosure diminution becomes a reality.

So I hope this bill is passed. More importantly, next week, I hope that if it is passed, we will then defeat the motion of disapproval.

I reserve the balance of my time.

□ 1700

Mr. BACHUS. I yield 4 minutes to the gentleman from Texas.

(Mr. PAUL asked and was given permission to revise and extend his remarks.)

Mr. PAUL. Although I recognize the chairman of the committee's points that this literally is not the appropriation, I rise in opposition to the bill, but I do want to speak out against this whole process of what we are trying to do with the bailout, not only this time but the time before. It is a system that has brought this country to its knees, and I think we haven't recognized what the cause has been, and therefore, we're not looking at this problem in the proper manner in order to solve the problem.

There has been a lot of money involved and a lot of money spent. There have been appropriations that we've made here in the Congress as well as the trillions of dollars the Federal Reserve has used to try to bail out the financial industry, and nothing seems to be working.

I think it's mainly because we haven't recognized nor have we admitted that excessive spending can cause financial problems. Excessive debt can cause some problems. Inflation—that is, the creation of new money and credit out of thin air—can cause a lot of problems, and we've been doing it for decades. It was predictable. It was not a surprise that we got ourselves into a financial mess because of a system that is deeply flawed.

So what do we have? What have we been doing now for the last 6 months to a year?

We have been spending more. We have been running up debt like we've never run up debt before, and we're printing money like we never have before. We think that is going to solve the problem. That literally has been the cause: too much spending, too much borrowing and too much inflation.

I do want to address the subject more specifically about moral hazard and why the system was so deeply flawed. That is, when a Federal Reserve system and a central bank create easy money and easy credit and they have interest rates lower than they should be, businesspeople do the wrong things. They make mistakes. It's called malinvestments, and we've been doing it for a long time. It causes financial bubbles, and they have to be corrected.

Actually, the recession is therapy for all of the mistakes, but the mistakes come, basically, from a Federal Reserve system that's causing too many people to make mistakes. It causes savers to make mistakes. Interest rates are lower than they should be, so they don't save. In capitalism, capital comes from savings, but for decades now, capital has come from the printing press, and nobody has saved.

That contributes to what we call ''moral hazard'' as well as the system of the Fannie Mae and Freddie Mac system. It always had a line of credit. It never had to use it, but the assumption was, if we ever got into any trouble, the Treasury would be there, and the Federal Reserve would back them up. That existed for a long time, causing specifically the housing bubble to develop.

Then we subsidized the insurance. The government-subsidized insurance program further promoted the principle of moral hazard—people doing things, spending money and investing in the incorrect way.

Then with the assumption that we're all going to be bailed out, which we're endorsing by bailing everybody out, people say, ''Well, no sweat because, if there is a mistake, the government will come to our rescue.'' That's part of the system of the FDIC. Now, nobody can conceive of the notion that we could live without an FDIC, but the truth is that a private FDIC would never permit this massive malinvestment. There would be regulations done in the marketplace, and there would not be this distortion that we've ended up with.

So this bill actually makes it permanent that the insurance will be $250,000 per depositor. Now you say, on the short run, that's pretty good because that conveys confidence to the system because at least we know that our deposits are secure. This is true. It helps in the short run, and generally, this is the way we work here. We always say, On the short run, this is going to be a benefit. On the short run, the bailout will help. On the short run, we will do ''this.'' Actually, on the short run, there is a great deal of harm that's done. As a matter of fact, today, the long run is here.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentlewoman from Wisconsin (Ms. MOORE), a member of the committee.

Ms. MOORE of Wisconsin. Mr. Chairman, I rise to enter into a colloquy with Chairman FRANK.

Mr. Chairman, as you know, our State housing finance agencies are frequently the only source of credit for first-time low- and moderate-income home buyers. However, the frozen credit markets have cut off their ability to sell their mortgage revenue bonds that fund their activities, forcing many of them to severely cut back their programs and forcing others to just stop completely.

Additionally, unlike many of the depository institutions that have already accessed the TARP funds from the first tranche but have not passed those funds on to consumers, we know that housing finance agencies will immediately lend any money they receive through the TARP directly on to potential home buyers.

My question, Mr. Chairman, is: Recognizing the vital role that FHAs can play in alleviating the financial credit crisis, I want to first encourage the Treasury Department to use those TARP funds to purchase FHA mortgage revenue bonds, and I want to know if there is any authorization in this legislation to do so.

Mr. FRANK of Massachusetts. If the gentlewoman would yield, in title IV of the bill, we list some high-priority items where we expect these funds to be deployed, and we say that, if they are not deployed, we have to get an explanation in writing as to why that wasn't possible. In general, aid to municipal finance and housing, as part of that, is clearly included.

Ms. MOORE of Wisconsin. Well, thank you, Mr. Chairman.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. Mr. Chairman, not long ago, the Secretary of the Treasury came into our conference, and he was visibly shaken. He said, if we didn't pony up $700 billion in a short period of time, the entire economy of the United States was going to dissolve, and we would have a major depression. There was no plan. It was just ''give us $700 billion.''

Instead of talking about long-term solutions, such as tax cuts, for the people across the board or instead of stopping capital gains and doing away with capital gains taxes for a couple of years to stimulate investment, they said, Throw $700 billion at us, and we'll solve the problem.

Well, here we are a short time later. $350 billion has been spent, and nobody knows where. I mean, we come down to this floor. We start talking about the things that have been accomplished. We still have people losing their homes. The financial system in this country is in really bad shape, and companies are going bankrupt. $350 billion has been spent, and nobody knows where. I know part of it went to buy a bank in China. I'm sure the American taxpayers really appreciate that.

Now they're saying we've got to give another $350 billion very quickly or, once again, the sky is going to fall. Well, the sky has been falling, and it seems to me that we ought to have a plan that deals with the long-term financial problems facing this country.

The long-term financial problems facing this country involve investment, jobs, and economic growth. The only way you're going to get economic growth is to stimulate the economy by creating an incentive for people to invest. Tax cuts. We need to cut capital gains. I don't think anybody is really listening, but we need to cut capital gains. We need to have tax cuts across the board. If we do that, I think you'll start to see signs of recovery in the not-too-distant future.

In the meantime, we may have to pony up a few more hundred billion dollars to keep things going while this takes place, but we need an overall plan, not just another $350 billion thrown at the Federal Reserve.

The Acting CHAIR (Mr. MURPHY of Connecticut). The gentleman's time has expired.

Mr. BACHUS. I yield an additional 30 seconds to the gentleman from Indiana.

Mr. BURTON of Indiana. Let me just summarize by saying that we need a plan, a comprehensive plan, that involves not only spending this $350 billion but also a plan that will involve tax cuts across the board and incentives for business to invest, such as a cut in the capital gains tax rate and cuts in business taxes across the board. If we do that and come up with a comprehensive plan, maybe we could work our way out of this, but we certainly cannot do it by just throwing more money at the problem.

Mr. FRANK of Massachusetts. Mr. Chairman, California has been one of the epicenters of this foreclosure crisis, and the delegation has worked very closely together. One of those leading that effort is the gentlewoman from California (Mrs. TAUSCHER). I yield her 2½ minutes.

Mrs. TAUSCHER. Mr. Chairman, I rise to engage in a colloquy with Chairman FRANK. I want to thank Chairman FRANK for his leadership and for crafting this very, very important bill.

I've been very proud to work on this issue with my colleagues—subcommittee Chairwoman WATERS, the head of our congressional delegation; Ms. LOFGREN and Mr. CARDOZA from a neighboring district of mine in California.

In California, we have among the highest rates of foreclosure in the country. Sixty-eight percent of the home sales in my district of Solano County are foreclosed properties. Home values in the Bay Area have fallen 40 percent since their peak in 2007. Further, thousands of my constituents owe more than their homes' values and have little incentive to stay in their homes.

I appreciate the efforts of the chairman and of the committee to work to direct a portion of the TARP funds to foreclosure mitigation. I thank you, Mr. Chairman, for including language in this bill that will address areas with high foreclosure rates.

For too long we have not addressed the root causes of this crisis. As we move forward with this legislation, I would like to continue to work with Chairman FRANK and with the committee to help address the areas hardest hit by high foreclosure rates, declining home values, and rising unemployment. I believe it is important we address the crisis in these disaster areas.

I ask the chairman to help me provide relief to these victims. I yield to the chairman.

Mr. FRANK of Massachusetts. If the gentlewoman would yield, I completely agree with that statement.

As she knows, because she was a major part of this, there is an amendment included in the manager's amendment that was authored by herself and by her colleague from California, Mr. CARDOZA, whose eloquence on behalf of the people facing foreclosure cannot fail to move anyone who listens to him. That says it beyond the current foreclosure relief that will be in this bill, and it will be the only foreclosure relief we will get if this money isn't made available. We are mandating that a further study be made to help people who might be facing foreclosure in the future and to deal with the broader aspects of the problem.

So I thank the united efforts of the people of California, the Members from California, for helping improve this bill. I give them my commitment that, as chairman of the committee, I will be working with them to go further.

Mrs. TAUSCHER. I want to thank Chairman FRANK for recognizing that California has been particularly hard hit, and I look forward to working with him and with my other colleagues to ensure that Federal foreclosure mitigation efforts effectively address these areas that have been most affected by the economic crisis.

I urge everyone's support for the bill.

Mr. BACHUS. Mr. Chairman, I yield 4 minutes to the gentleman from Texas (Mr. NEUGEBAUER).

Mr. NEUGEBAUER. Mr. Chairman, I think I heard the distinguished chairman voicing some frustration with this current administration on how the TARP program was put together. I think a lot of Members who voted for this program, including the chairman, have had second thoughts because we hastily gave the authority to the administration with no plan and, more importantly, with no exit strategy.

I would remind the chairman that the incoming new Secretary, should he be confirmed and move through some issues that he may have, was at that table when designing the TARP program. So, if we're passing out blame, there may be a lot of places to pass out blame, but here is the most important thing:

Everybody who voted for that has been having second thoughts because, quite honestly, the money didn't get spent like it was represented it was going to get spent. There have been some intended consequences, but there have also been some unintended consequences of the money we passed out, because we started picking winners and losers. Any time the government starts picking winners and losers we're going to get in trouble.

The issue is what to do with this next $350 billion. Everybody kind of thought we were going to have some say-so over this next $350 billion, but in fact, we're not. This bill may pass in this House. It will never become law. The Senate has already said they will not take this bill up. So what should we be doing?

Well, on both sides of the aisle, what we should be doing here is coming back and doing an autopsy on how we spent the first $350 billion, what the results of that have been, and should we even look at or consider the additional $350 billion.

The American people are not very happy about this. We are passing out money carte blanche. We have relegated the constitutional responsibility of this House by just giving the administration, whether it's this current administration or the new administration, $700 billion and saying, Do the best you can. I don't think anybody thinks that's a very good plan.

In fact, the chairman has, in most cases, been very open and has had markups and has had a vetting of legislation. Quite honestly, I'm very disappointed. Quite honestly, in this case, this is one person's bill. Although this bill will not become law, one person is going to determine where the next $350 billion is going to go.

What we ought to be doing is having hearings. In the past, the chairman has had hearings—bringing people in here and asking them to account for the money that has been given them. Also, talk about what is the best way to do that.

Now, I did not vote for it, and I want to be clear about this. I voted against it twice. Some people voted for and against it. The chairman said we weren't clear. I'm very clear as to how I voted on it. I voted against it because I have a real problem of, cart blanche, giving people $700 billion of the American taxpayers' money with no plan.

□ 1715

More particularly, no accountability. We have not seen any particular reports. We have a gentleman from Texas who sits on an oversight board. He's openly said he's not sure exactly what's going on because the amount of information he's receiving is in question. That bothers me. It should bother the American people. It should bother Members on both sides of the aisle that we are not doing the people's business.

The way we do this right, if we're serious about doing this right, is we stop this process. We put it on hold, we ask the new administration to step forward with a plan, we get Members on both sides of the aisle to look at that plan, we vote, we offer amendments, we open that process so that when we go back home, we can say, ''You know what? We think we did what was in the best interest of the American people.''

But when you close the process, when you try to change the original intent of TARP, which was to use American taxpayers' resources to loan to or to guarantee and with the hopes of getting back—in fact, even people were talking about we may even make money on this. But many of the provisions, unfortunately, of this bill aren't intended to get any return on the taxpayers' money, particularly then we're moving away from an asset program to an entitlement program, and it deserves better consideration.

I urge Members not to vote for this bill.

Mr. FRANK of Massachusetts. Mr. Chairman, time is limited so I want to give myself 30 seconds to rebut the inaccuracies we've just heard.

First of all, the gentleman said we've closed the process. I have no idea what he is talking about. I suspect he does not either. This is a very open process. We solicited amendments. A number of amendments were offered, a number of amendments from both parties will be made in order, a number of amendments from both parties have already been accepted in the manager's amendment.

The accusation that this is closed is just wildly off base. It has been a very open process, and I would say a majority of the amendments that have been offered made sense, and we've agreed to them. And to say it is a one-person bill, in fact we have opened it up.

Now, Members who did not offer amendments—I will acknowledge. If you didn't offer an amendment, Mr. Chairman, it wasn't put in the bill. But this bill has been open, and the rule tomorrow will make that clear.

I now yield 2½ minutes to the gentleman from New Jersey (Mr. PASCRELL) who's had a lot of input in this bill, which I guess makes it still a one-man bill.

Mr. PASCRELL. Mr. Chairman, I want to thank the chairman for all that he's done to make this an accountable piece of legislation. You would think this is a movie out of the 1950s, TARP 2. You know, I can see what's happening.

No. This is realistic. We're going to know what's going to be in the bill, in this legislation.

But Chairman FRANK, sales are down 30 to 50 percent in the automobile industry. States are losing revenue throughout the United States of America, and we know that confidence of the consumer is certainly not where we would want it.

So I request and engage in a brief colloquy regarding H.R. 384 with your permission.

As you know, Mr. Chairman, the legislation we have before us is not a debate focused on the interest of big business. This legislation is, instead, unmistakably intended to serve Americans across the Nation. I want to commend you personally for your leadership and commitment to providing unambiguous directives on how the TARP funds must be used for ensuring that the funds will provide relief to Main Street. This is the difference between now and a few months ago. I want to commend you for this. It is a fact that the first TARP failed to meet the intent of the Congress. Today is our opportunity to make sure that funds flow directly to Americans.

Wouldn't you agree with me, Mr. Chairman?

Mr. FRANK of Massachusetts. If the gentleman would yield, absolutely.

I believe that the difference in the way the TARP will be administered in the new administration and the last administration will be very glaring, and frankly, I think that one of the motivations on some of my Republican colleagues to kill this now is that they fear the contrasts that will be presented between the very responsible and effective administration of this by the new administration and the inappropriate way of the last administration.

Mr. PASCRELL. I would agree this is night and day. I testified last month, as you remember, before the Financial Services Committee on the need to open up the credit markets for consumers. That's what we are all about. Title III of TARP will help to open the credit markets for auto loans. Specifically, it clarifies and confirms the Treasury's authorization to provide assistance to automobile manufacturers.

We can provide lots of money to the Big Three. If we don't sell cars, if we don't have traffic in those dealers, they not only close, we have an extended recession in the economy.

Most importantly, this bill will help those borrowers that have good credit access the necessary financing for auto loans. Wouldn't you agree, Mr. Chairman, that's a major problem: those who can't get credit aren't getting it?

The Acting CHAIR. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield the gentleman 30 additional seconds, and ask him to yield to me.

Mr. PASCRELL. I yield to the gentleman.

Mr. FRANK of Massachusetts. Absolutely. This is a necessary component of our efforts to keep the American automobile manufacturers from going under. We give this authority—we reassert this authority to Treasury, and we intend to be very, very insistent that they use it.

Mr. PASCRELL. Mr. Chairman, TARP 2 also clarifies Treasury's authority to provide support to the financing arms of automakers for financing activities to ensure that they can continue to provide needed credit, including through dealer and other financing of consumer and business autos and other vehicle loans.

This is 20 percent of our retail economy.

The Acting CHAIR. The time of the gentleman has again expired.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield the gentleman 10 additional seconds.

He is absolutely right, and once again, we underlined this authority and we intend to be very insistent that it be used.

Mr. PASCRELL. Mr. Chairman, it must be clear to everyone in this body, Democrats and Republicans, that the best way to get out of this recession is to encourage consumer spending, and this bill does that. Retail, rational consumption.

Mr. BACHUS. Mr. Chairman, I yield 4 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. I thank the gentleman for yielding. Mr. Chairman, I must admit that I find it somewhat ironic that the biggest critics of the bailout legislation are the very people who wrote the bailout legislation. Many are shocked at the lack of transparency and what they would view as the apparent lack of effectiveness. Again, these are the people who wrote the bill.

I think the bill that is before us is a tacit admission that they didn't get it right in the first place. You know, Mr. Chairman, I don't say that in trying to assess blame. There were Members on both sides of the aisle who supported that legislation in good faith. I was not among them. I supported an alternative piece.

But I do say this to make the point that here is another piece of legislation being rushed to the floor. Haste makes waste. The first TARP bill was fraught with unintended consequences, and now we are here, perhaps with Son of TARP—I believe the previous speaker said—maybe it's fraught with unintended consequences as well.

Mr. Chairman, I would also ask a few questions and make a few observations.

You know, if government spending money could solve the problem, we're up to about $7 or $8 trillion of potential taxpayer exposure already. Now, I don't believe the taxpayers will have to pay the entirety of the bill, but if they did, we're looking at almost $100,000 per American family. And here is another $350 billion on top of that, Mr. Chairman.

And I have the question, where is the plan? Where is the incoming administration's plan for the $350 billion?

And last I looked, Mr. Chairman, Congress doesn't have any extended recess scheduled until April, and certainly the majority has proven their ability to ram through legislation in 24-, 48-hour's notice. Why do we have to hand over an additional $350 billion of hard-earned taxpayer money to an administration that hasn't taken office, who hasn't even presented us a plan? Why is Congress yielding, yielding their spending prerogatives at this time? I simply don't understand it.

Now, Mr. Chairman, it appears that we are given three different choices here: number one, we can vote to disallow the second $350 billion without receiving a plan. That's simply what I advocate. Some may, once again, want to give the $350 billion check to the administration.

And then there's Chairman FRANK's plan. We will give them the $350 billion, but we will attach certain strings to it. Now, I agree with the chairman when it comes to accountability. There are certain strings of his that I would agree with. I don't understand why you would hand over money and not at least set up some provision for knowing how it's spent or be able to measure whether or not the plan is succeeding. And I compliment the chairman for that.

Outside of that, Mr. Chairman, I do not believe that I agree with his other extremes.

Number one, I believe that he has a string that has the Federal Government picking winners and losers. Now, he and the previous speaker had a colloquy regarding the auto industry. Mr. Chairman, I don't know what industry isn't suffering in this economy. If it's the auto industry today, is it the airline industry tomorrow? Is it the tourist industry on Thursday? And when does Starbucks get in line? We're not helping the entire economy.

This TARP legislation I believe implicitly picks winners and losers.

Second of all, we start going down this road of putting government observers in the boardrooms. I mean, the government agent who observes today will suggest tomorrow, and he, I assure you, will mandate on Thursday. I've seen this before. I don't want to go down this road, Mr. Chairman.

And then last but not least, taking money away from people who are current on their mortgage and giving it to people who aren't current on their mortgage is no way to work our way out of the economic peril that we find ourselves in.

We need tax relief for families. We need tax relief for small businesses. We need to grow our way out of this economic crisis.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2½ minutes to one of our freshman Members, a man with great experience in municipal government, the gentleman from Virginia (Mr. CONNOLLY).

Mr. CONNOLLY of Virginia. I thank the distinguished chairman.

I rise for the purpose of a colloquy with the distinguished chairman. I know that he shares my concern with respect to the current state of the municipal bond market in the United States. Following the meltdown of last fall, investors fled from bond markets to U.S. Treasury notes. As a result, our State and local governments are experiencing limited access to the capital markets due to the liquidity crisis.

The double-whammy has effectively denied many of the municipal taxes and bond issuers across the country any ability with which to finance capital projects. As we already know, our partners in State and local governments are already facing tough financial choices, but if this particular issue is not addressed, it could lead to a contraction of the national economy to the tune of hundreds of billions of dollars at precisely the time we are trying to stimulate it.

I would ask the distinguished chairman of the Financial Services Committee, is his understanding about the current state of the municipal bond market similar to that I just described?

Mr. FRANK of Massachusetts. If the gentleman would yield, yes, I very much agree.

I think one of the most sympathetic victims of this financial crisis has been the municipalities. The capacity to finance what's necessary for the quality of the life of their constituents has been impaired by factors well beyond their control. And the gentleman is absolutely right that we have an obligation to try to come to their aid which this bill would mandate be done.

Mr. CONNOLLY of Virginia. I thank the chairman.

And I would ask for his consideration of a proposal to direct the Secretary of Treasury to establish a program to provide direct credit enhancements or insurance from municipal bonds to help State and local governments to move forward on their civil-ready projects now on hold.

Mr. FRANK of Massachusetts. Would the gentleman yield?

Mr. CONNOLLY of Virginia. Yes, sir.

Mr. FRANK of Massachusetts. I am in complete agreement, and while that would be beyond the scope of this, as the gentleman knows—I know he's not suggesting we do it here—I guarantee we will be having hearings later this year on the proposal.

My own view is that some form of insurance would be there.

The most unjustified risk premium being paid in America is by those municipalities that issue particularly full faith and credit general obligation bonds.

I welcome the gentleman as someone with the municipal government experience that he's most recently had, and I look forward to drawing on that experience as we help correct this situation.

Mr. CONNOLLY of Virginia. I look forward to cooperating with the distinguished chairman, and I thank him for his consideration and time.

Mr. BACHUS. Mr. Chairman, I yield 3 minutes to the gentleman from South Carolina (Mr. BARRETT).

Mr. BARRETT of South Carolina. I thank the gentleman for yielding.

Mr. Chairman, before coming to Congress, I owned a small furniture store, the best and only store in Westminster, South Carolina. We sold only furniture. We did one thing, and we did it pretty good.

And before that, I was a captain in the United States Army. I had a pretty clear job title.

In both organizations, I was taught to keep operations focused and not expand our mission beyond its initials goals.

So what does this have to do with the legislation that we're talking about today? Well, unfortunately, this bill is a perfect example of Congress' bad habits of expanding its initial missions, a habit that brought us Fannie Mae and Freddie Mac, the Community Reinvestment Act, and guess what, the alternative minimum tax.

□ 1730

I voted for the Emergency Economic Stabilization Act to restore liquidity and stability into America's financial system, allowing American businesses to access credit so they could obtain inventory, buy supplies, and make payroll. I supported this act to prevent what many experts called an ''economic tsunami,'' and I'm glad that we haven't seen the widespread financial mayhem that I think was certain.

We had to take extraordinary measures during those extraordinary times, but don't you think it's common sense to examine how we spent the first $350 billion before we even discuss how we're going to spend the second $350 billion? I agree with my colleagues that the first $350 billion was spent too hastily and haphazardly, and I believe there was not enough oversight or planning by the Treasury Department for how this money was to be used. However, I fully support the efforts of this bill to improve transparency, oversight and disclose exactly how the taxpayer money is being used, but I'm extremely concerned that this legislation expands the goals of the Troubled Assets Relief Program and brings us even further from its original mission, which did not include providing a fund to prop up failing corporations or putting politically-motivated mandates on private businesses in exchange for government funds.

This legislation will expand government interference in the private markets even more, Mr. Chairman, and I urge my colleagues to oppose H.R. 384.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to one of the most energetic and informed members of the committee, the gentleman from Georgia (Mr. SCOTT).

Mr. SCOTT of Georgia. First let me address a couple of points that the other side has mentioned. The first erroneous statement is that this is a one-person bill, the chairman's. Nothing could be further from the truth. This has been an open process. Many of the amendments and concerns of the other side have been added to this bill.

Tomorrow we are going to have amendments that the chairman has made allowable for the other side to be debated on this bill. Many of the concerns that I had raised in the early part of the first expenditure of the first $350 billion are incorporated in this. Many of the ideas that Congresswoman MAXINE WATERS and I, in our concern about the housing and the home foreclosures, are a part of this bill, any number. We've had hearings. So I think it is very important for that statement to be shot down as erroneous and unfair to our distinguished chairman, for he has certainly had a very open process.

Now, I've listened to the other side, and you talk about putting a plan together. You talk about not making the mistakes that we've made before. The mistakes we made before were in the hands of this administration, with this Treasury Department that came in and said he wanted the $350 billion for one thing, which was to take the spoiled assets off the books, he didn't use it for that. Before we could get on an airplane and get out of Dodge he had changed the whole plan, gave the banks $290 million just like that, before we could even put the Inspector General in place, before we could put the oversight in place.

What this bill does is correct that mistake, puts a plan in place that will bring the reporting, bring the monitoring, the accountability and the transparency to this and will have upfront agreements on how these funds will be used.

And let me just state for the record that in this morning's Politico there is an interesting poll that drives home the basic need and the substance for this bill. In that poll it says that 5 percent of the American people—only 5 percent of the American people—believe and have a great deal of trust that the Federal Government will handle its financial responsibilities responsibly. This measure goes right to the heart of that and makes sure that we put in place a way in which we guarantee that we will make sure that this $350 billion is handled responsibly.

Mr. BACHUS. Mr. Chairman, can I inquire into the time left on both sides.

The CHAIR. The gentleman from Alabama has 43½ minutes remaining; the gentleman from Massachusetts has 40 minutes remaining.

Mr. BACHUS. Mr. Chairman, I yield 4 minutes to the gentleman from Georgia (Mr. PRICE).

Mr. PRICE of Georgia. I want to thank the gentleman from Alabama for his stellar leadership on this issue.

Well, Mr. Chairman, here we are, another $350 billion, $350 billion. Now, I don't want to overstate the obvious, but Mr. Chairman, that's money that we don't have.

In addition to that, the process points that have been made I think are incredibly important. We haven't had any appropriate committee work. We've had a discussion, but there hasn't been the hearings devoted specifically to this bill. There hasn't been a markup. We haven't had the opportunity in committee to amend this bill, to have Member input. Members haven't had the opportunity to provide input into the development of the legislation. The mere fact that there are 70 amendments filed with the Rules Committee, 50 of them from Democrats, clearly demonstrates that Members on both sides of the aisle have concerns about this legislation and ideas that they would like to share.

We've seen bailout after bailout after bailout, yet our constituents have felt no relief. We cannot, in good conscience, allow the government to dig deeper into their pockets and spend their money without giving their elected Representatives the opportunity to be heard.

Fundamentally, Mr. Chairman, we're talking about examining a vital role. What's the vital issue that says a lot about what we believe our government role ought to be? We're being asked to entrust Treasury with the authority to spend an additional $350 billion, a huge sum of money, and allowing them to take on additional risk to the taxpayers by pursuing modifications that have not yet proven to be a wise investment.

Now, we can all agree that the oversight of the initial TARP program has been wanting, there's no doubt about that; that's evidenced by the fact that Treasury completely shifted the original purpose of the program without consultation or consequence. Treasury has failed to answer basic questions, they have struggled to track the billions of taxpayer dollars, and they seem to have no way to measure the success of this program.

When Secretary Paulson initially approached Congress with an urgent request for funding and broad authority to stabilize the economy, a representative from the Treasury admitted that they were arbitrarily picking a number. In fact, when we asked a senior member at the Treasury Department how did they arrive at $700 billion, do you know what they said, Mr. Chairman? They said, ''We needed a really big number.'' Well, that's not terribly encouraging as to how to arrive at the amount of taxpayer money that they are putting at risk.

There have been no indications that the last tranche of funding is needed, indeed, to further stabilize the economy. There have been no emergency meetings to explain why this money is necessary and how it would be used effectively to justify this release. In fact, just a few days ago Mr. Kashkari described our financial system as ''fundamentally more stable'' than when we began.

Ultimately we have seen, through the failures of the TARP program and the Hope for Homeowners Program, that the government isn't the solution to all of our problems. Again, we've seen bailout after bailout, but there doesn't yet seem to be any relief for constituents and taxpayers. It's because of the hasty passage of the TARP program in the first place that we're now in the position to consider sweeping changes to the program.

The regular democratic process in order would ensure that all Members of Congress can make their voice heard on this very important issue. To say that there isn't time to have a markup is not only disingenuous, Mr. Chairman, it simply is not true. We should take the time necessary to ensure that we are truly acting in the best interests of the American people. Perhaps if we had taken the time to allow for markup and evaluation initially, we would not be in the situation that we find ourselves now.

Rather than entrenching our government with $350 billion of additional debt, I think it's time that we start considering positive solutions that embrace American values, American principles, and American solutions, none of which appear in the underlying bill.

Mr. FRANK of Massachusetts. Well, Mr. Chairman, I am tempted to defend George Bush against the charge that he is un-American at this point because this was his program, but I'll defer that until later.

I yield 2 minutes to the gentleman from Missouri (Mr. CLAY).

Mr. CLAY. I thank the chairman for yielding, and I wanted to engage in a colloquy with the chairman.

There is a provision in your amendment that helps the automobile rental industry finance debt secured by their fleets. This does not help the one company which is located in my district that uses unsecured commercial paper to fund the acquisition of their automobile fleet. Therefore, this omission puts them at a competitive disadvantage. And I understand that this was an unintended consequence, and I am asking for a minor correction.

Mr. FRANK of Massachusetts. If the gentleman would yield, obviously we aren't doing anything for any one company—the gentleman wasn't suggesting that we were—there are other companies. And yes, unsecured paper should be covered. Obviously we don't expect any investment by Treasury to be made irresponsibly; they have to check to make sure that it's a good investment. But ruling out the unsecured, no, that was not our intention. In fact, under the underlying bill, which we do not change, the Secretary has the authority fully to respond to that sort of situation.

Mr. CLAY. I thank the chairman for the explanation and appreciate your cooperation.

Mr. BACHUS. Mr. Chairman, I yield 4 minutes to the gentleman from California (Mr. ROYCE).

Mr. ROYCE. I guess part of my concern here is philosophical, but I think that ideas have consequences, and bad ideas have bad consequences in policy. And specifically what I worry about here are two challenges that the U.S. faces; one is a budget deficit right now which, when we look forward, it's going to be about 7 percent of GDP. And with the Fed's balance sheet continuing to expand, I think it's now at about $2 trillion.

With the promise of another stimulus package coming, which will be somewhere between $800 billion and $1 trillion, we are becoming increasingly dependent upon our rescuers. Now, in this case our rescuers are the American taxpayers and U.S. debt purchasers, most of them overseas. Why worry about this? Well, I think one of the reasons we have to be concerned is that eventually bond investors might begin to reconsider purchasing that U.S. debt, they might begin to second guess that. And that consequence would really be catastrophic. Avoiding such a scenario would require us, then, to take a step back from where we are and require us to begin to eliminate unnecessary spending and not go forward with compounding the problem with the deficits.

But beyond the impact of the budget, there is a second concern that I have, and that's the ill effect of this bailout trend in terms of the rapidly increasing role that government is playing inside financial firms, that it's playing in the board rooms. And I will just cite this December 17 article in the Wall Street Journal entitled, ''U.S. Ratchets Up City Oversight.'' And in that story they describe the active role that regulators are playing in the day-to-day operations of the financial institution.

Earlier this week, headlines focused on an effort by U.S. banking regulators to encourage Citigroup to shake up its board and to replace its chairman, Win Bischoff. And they said this would be an effort to restore confidence in the beleaguered financial giant. But then as the argument is put forward, one of the leading candidates is Richard Parsons, who is Time Warner's chairman, and he is a member of Citigroup's board, but he also happens to be a member of President-elect Barack Obama's transition economic advisory board.

Additionally, it should come as no surprise, I think, that earlier this week Citigroup announced it would support legislative efforts to allow bankruptcy judges now to rewrite mortgage contracts. Now, that's a provision that would restrict the flow of capital into the mortgage market, it would increase the cost certainly going forward of obtaining a mortgage for anybody. And traditionally the financial press has called this a ''cram down'' provision that's been adamantly opposed by the financial institution. Now we have $45 billion of taxpayers' cash, we have a $249 billion taxpayer guarantee for bad assets on the balance sheets of the institution. And the institution, which now has seen this bureaucratic control within the firm reverse itself on a position, and I begin to wonder if political pull is going to replace market forces, if government bullying is going to determine the actions that firms are going to take. And this is my second concern. Because, to me, a major reason we're in dire financial straits is the market distortions caused by bureaucratic and regulatory manipulation of the quasi public entities. We've had 16 hearings where we've heard the Federal Reserve Board, we've heard the Treasury warn over the last few years about Fannie Mae and Freddie Mac. And these institutions took on that excessive risk. It was Congress that encouraged it and prevented the regulation that the Treasury wanted in order to prevent it.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to another freshman member of the committee, the gentleman from Connecticut (Mr. HIMES).

Mr. HIMES. Mr. Chairman, I rise today in support of H.R. 384, a bill to reform the TARP program.

Let us be absolutely clear, had our markets functioned, had our regulators done their job, had our leaders been sufficiently vigilant, neither the TARP program nor its reform would be necessary. But extraordinary times demand extraordinary measures.

Four months ago, the TARP was deemed necessary. Yesterday, in committee, we heard from a long line of experts who urged us to grant the new President authority to use the remainder of the TARP funds. On this question, perhaps people of good faith may disagree, but there can be no disagreement that if those funds are to be authorized, this House has an obligation to oversee their use.

□ 1745

We owe it to the American taxpayer to closely watch how their money is used and to assure that it is neither wasted nor used for private benefit. This bill, at great long last, offers that assurance.

As importantly, there can be no disagreement that after providing relief to industry after industry, it is time to get to the heart of the matter: American moms, dads, and children, and the homes that they live in. This bill, none too soon, mandates and funds a national comprehensive foreclosure relief plan that will finally address the root cause of this crisis, the housing problem. As the saying goes, better late than never.

When the sun goes down today, another 7,000 American families will have lost their home. The same will be true tomorrow. We cannot delay. We must act to save the very core of the American Dream.

I commend Chairman FRANK for his leadership on this bill, and I urge my colleagues to stand for smart oversight and for the beleaguered American homeowner.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. CAMPBELL).

Mr. CAMPBELL. Mr. Chairman, I would like to have a colloquy with the chairman of the committee.

Mr. Chairman, the Emergency Economic Stabilization Act was intended to apply to financial institutions, I believe, without regard to their form of ownership: public, private, mutual associations. Is that your understanding? Is that correct?

Mr. FRANK of Massachusetts. If the gentleman will yield, Mr. Chairman, he's absolutely correct. The form of ownership should have no relevance to the decision here.

Mr. CAMPBELL. But yet many mutual, bank, and insurance holding companies have been unable to even apply for TARP funds because of the Treasury's not coming out with a term sheet that would enable them to apply, even those that can issue nonpublic preferred stock. Would you agree that the Treasury should be encouraged to come out with those term sheets?

Mr. FRANK of Massachusetts. If the gentleman would yield, he understates my view when he says they should be encouraged. I believe I will be glad to join with him in insisting that they do that. And, frankly, we don't want any form to be disfavored and certainly not the mutual form, which has a great deal in terms of our history to commend it. So the gentleman is absolutely right, and I think on this one we can be pretty certain that, particularly if the House gives the kind of endorsement to it that I suspect that it will, we'll be able to accomplish that.

Mr. CAMPBELL. Thank you, Mr. Chairman.

On one other point, there are people who say that a financial collapse didn't happen, and, in fact, it didn't. You don't get credit for bad things that don't happen. I would argue that the financial collapse was imminent were it not for this bill and also for the extraordinary monetary actions of the Fed. But as we go forward with the additional $350 billion, I would think that we should be leveraging. My concern is not that it's too much, that it's too little, and leveraging private funds by——

Mr. FRANK of Massachusetts. If the gentleman would yield, that's right. And I would say some of my colleagues understandably wanted to put very severe restrictions on the recipient institutions, and we put restrictions on them. But we don't want to be so restrictive that we drive out private capital. This will only work if the public capital leverages and unlocks and reassures private capital.

Mr. CAMPBELL. Thank you, Mr. Chairman. We'll get a lot more benefit for this if it's more like matching funds and we encourage private capital to go in and the public capital comes with it.

With that, Mr. Chairman, I stand in support of this bill and its provisions.

Mr. FRANK of Massachusetts. Mr. Chairman, not being a person who holds grudges, I yield 2 minutes to someone who left our committee, the gentleman from New York (Mr. CROWLEY).

Mr. CROWLEY. I think I thank the chairman for yielding.

Mr. Chairman, I wish to enter into a colloquy with the chairman.

Mr. Chairman, I seek to clarify language in the underlying TARP legislation. As you know, New York has been battered by the financial crisis, and unemployment, like in most States, has been drastically increasing.

It is my understanding that TARP recipients can use TARP funds to provide funds to local small businesses to free up capital, preserve jobs, and support wages of their employees during these difficult times. Is that correct?

Mr. FRANK of Massachusetts. If the gentleman would yield, he is absolutely correct. We think that it is a very important use of it. It's one of those things that was not done sufficiently previously, and we are convinced it will be done with this House's taking the lead in the future.

Mr. CROWLEY. I thank the chairman.

Just one additional statement, and you can correct me if I'm wrong.

Am I correct in saying there is nothing in the TARP that prevents banks, such as Amalgamated Bank in New York, from applying for TARP and using these funds to support wages of workers as well as create jobs through the lending of funds to people and small businesses in the communities as well as providing some safety net during these difficult times?

Mr. FRANK of Massachusetts. If the gentleman will yield, yes, he's correct. What we, in fact, say here is that nothing should be advanced to a bank without an agreement in advance as to how it should be used. Now, we would expect a great bulk of the funds, the agreement would say, be re-lent, but that's not the exclusive purpose. There are other valid purposes. What this bill says, however, is that that would have to be clear up front as one of the permitted purposes, and we do believe that this Treasury Department, given that, yes, they would accept that as a very valid use.

Mr. CROWLEY. I thank the chairman for the colloquy.

Mr. BACHUS. Mr. Chairman, may I inquire as to how much time is remaining?

The Acting CHAIR. The gentleman from Alabama has 33½ minutes remaining. The gentleman from Massachusetts has 35 minutes remaining.

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

Mr. FRANK of Massachusetts. Mr. Chairman, I will now yield 3 minutes to one of the leaders in this House on the important issue of foreclosure, the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Chairman, I rise in support of H.R. 384, the TARP Reform and Accountability Act of 2009, and I would like to thank our chairman, Chairman FRANK, for his hard work and his leadership on drafting this most important piece of legislation.

As a Congress, we have experienced numerous disappointments with the TARP program's implementation, most notably the Treasury's refusal to use TARP funds for loan modifications and homeowner relief. The need to address the foreclosure crisis head on is why I lend my support to H.R. 384 and its requirements for foreclosure mitigation.

When we passed the first TARP bill last year, we intended for the Treasury to use its unprecedented authority to remove toxic assets and nonperforming loans from the marketplace, modify mortgages, and increase the availability of credit. To date, no TARP funds have been used or directed to systematic loan modification or increased lending.

Foreclosures are affecting homeowners, renters, and communities. Homelessness levels are rising as a result of renters who have dutifully paid rent on time being evicted from their homes because the owner is in foreclosure. Stopping foreclosures is key to reducing homelessness, helping the economy to recover, and rebuilding communities.

H.R. 384 has the components homeowners, mortgage servicers, and lenders need to effectively confront the foreclosure crisis. The bill provides from $40 to $100 billion for funding foreclosure mitigation. We may need a larger funding level for foreclosure mitigation, perhaps up to $70 billion; however, I appreciate the chairman's efforts to direct resources to this crisis.

The bill also provides several alternatives for foreclosure mitigation, such as a systematic mortgage modification program, whole loan purchasing, buydown of second mortgages, reduction of costs in the Hope for Homeowners Program, and incentives and assistance to servicers to modify loans.

But most importantly, in the manager's amendment, the bill will now require implementation of the systematic foreclosure prevention and mortgage modification program that I've been calling for since last year. On the first day of the 111th Congress, I introduced H.R. 37, the Systematic Foreclosure Prevention and Mortgage Modification Act of 2009, to give the power of law to the successful systematic mortgage modification program developed by the Federal Deposit Insurance Corporation and currently in use at the IndyMac Federal Bank, where it has resulted in over 5,000 IndyMac borrowers avoiding foreclosures. I applaud Chairman FRANK for including this legislation in H.R. 384.

The housing crisis must be corrected through our efforts with TARP. I believe that H.R. 384 will finally put us on track to addressing the foreclosure crisis. I support H.R. 384, the TARP Reform and Accountability Act of 2009, and I urge my colleagues to vote ''yes.''

Mr. BACHUS. Mr. Chairman, I yield 5 minutes to the gentlewoman from Minnesota (Mrs. BACHMANN).

Mrs. BACHMANN. Mr. Chairman, I would like to thank the gentleman from Alabama for yielding a few minutes to me.

It's a tremendous honor to be able to sit on the Financial Services Committee. It's been the center of the universe the last 2 years dealing with this crisis that's very real that is impacting not only individuals but businesses, people who are looking at the loss of their life savings, loss of their greatest capital asset: their home. We know that this is a strong reality. But we also realize the magnitude of the tremendous amount of taxpayer resources that have been devoted to this effort.

Initially we were told by the Treasury Secretary that in effect a financial Armageddon would ensue if this body did not, in fact, pass a bailout of gargantuan proportions. We were told $700 billion is what the Treasury Secretary would need to have in order to offer an effective front to stave off, in essence, the four horsemen of the apocalypse for our financial markets.

We've seen a tremendous roller coaster occur in 2008 regarding our financial markets. For the first $350 billion, the first tranche going forward, what have we seen? This week in the Financial Services Committee, we had testimony before our committee from the administration. Questions were asked: Where has the first $350 billion gone? Who are the recipients of the first $350 billion? What did the money get spent on? What were the answers that we received? What is the effectiveness of that money? Did the American taxpayer receive value for $350 billion that's already been expended?

Mr. Chairman, not only did we not receive answers to those questions, we didn't receive answers to the very basic question of what will the next administration do with this next request for $350 billion? We don't have a full accounting of that either. And what is the reason? Again, Mr. Chairman, we're told to do just exactly what we were told with the last $350 billion: Trust me. Trust me. That didn't work so well for us last time. We were rushed into this. There wasn't oversight. There weren't strings attached. Once again with the next $350 billion, this Congress is being told that we will have to go out and borrow $350 billion because the American people need to know we don't have $350 billion in the bank right now, or like my father-in-law says to my mother-in-law, ''Elma, I have to go to the backyard and shake the money tree to get the money out.'' There isn't money there in the bank. We have to go and borrow money that we don't have. And who pays that back? It's the American taxpayer. I think, Mr. Chairman, we need to have some very basic answers to our questions before we go forward with this extraordinary request.

We are being forced to vote without details on how this $350 billion will be spent, but the trouble is we haven't held even a single hearing on the merits or the necessity of releasing the second tranche because the House is proceeding as though the decision has already been made to release the second $350 billion without holding any substantial debate on whether or not such a release is the appropriate step for stabilizing the financial markets and getting these markets moving again.

Congress handed the Treasury Secretary a $700 billion blank check. Let's just be clear about that. The original bailout was passed, and we were told that the $700 billion was essentially a big number. It was picked out of thin air, but it was needed to calm the markets. Now, I think most Americans would be appalled to learn that that was the truth. But we also need to recognize the United States Treasury doesn't even have to spend every penny of that money. Many experts, even Secretary Paulson himself, stated that was the case.

But here we are again and the House is moving forward with a preemptive decision that jumps ahead of this very fundamental question, and it's this: Is it even necessary to release the second tranche for the state of our financial markets?

□ 1800

We remain unconvinced, many of us, that the case hasn't even been made that it is. This bill is attempting to make sweeping changes to the way that TARP must operate. I would agree with my colleagues on both sides of the aisle that TARP has very serious flaws, many of which were predicted by many of us on both sides of the aisle, and we should look at ways to address the flaws.

But Congress should not be forced to rush to vote on this bill the way that we are being forced to rush on it today. Congress was rushed into this gargantuan decision, and we need to take the time to be deliberative.

Mr. FRANK of Massachusetts. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. CAPUANO) having assumed the chair, Mr. MURPHY of Connecticut, Acting 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. 384) to reform the Troubled Assets Relief Program of the Secretary of the Treasury and ensure accountability under such Program, had come to no resolution thereon.

REPORT ON RESOLUTION PROVIDING FOR FURTHER CONSIDERATION OF H.R. 384, TARP REFORM AND ACCOUNTABILITY ACT OF 2009

Mr. PERLMUTTER, from the Committee on Rules, submitted a privileged report (Rept. No. 111–3) on the resolution (H. Res. 62) providing for further consideration of the bill (H.R. 384) to reform the Troubled Assets Relief Program of the Secretary of the Treasury and ensure accountability under such Program, which was referred to the House Calendar and ordered to be printed.

PROVIDING FOR ATTENDANCE AT INAUGURAL CEREMONIES ON JANUARY 20, 2009

Mr. PERLMUTTER. Mr. Speaker, I offer a privileged resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 61

Resolved, that House Resolution 23 is amended by striking ''10 a.m.'' and inserting ''noon''.

The resolution was agreed to.

A motion to reconsider was laid on the table.

TARP REFORM AND ACCOUNTABILITY ACT OF 2009

The SPEAKER pro tempore. Pursuant to House Resolution 53 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 384.

□ 1803

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 further consideration of the bill (H.R. 384) to reform the Troubled Assets Relief Program of the Secretary of the Treasury and ensure accountability under such Program, with Mr. SIRES (Acting Chair) in the chair.

The Clerk read the title of the bill.

The Acting CHAIR. When the Committee of the Whole rose earlier today, 60½ minutes remained in general debate. The gentleman from Massachusetts (Mr. FRANK) has 32 minutes, and the gentleman from Alabama (Mr. BACHUS) has 28½ minutes.

The Chair recognizes the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, just as in baseball, sometimes a player who made a great defensive play is first up. After his stellar role in the chair, I yield 3 minutes to the gentleman from Massachusetts (Mr. CAPUANO).

Mr. CAPUANO. My colleague is easily impressed, but thank you very much.

Mr. Chairman, we have to back up a little bit and remind ourselves what we are debating here. We are debating a bill that amends the TARP provisions. It doesn't grant $350 billion to anyone.

There is no money attached to this bill, and I actually agree with many of the comments that have been made about the past 350 and the potential soon to be $350 billion. I have the same concerns they do. I may fall on the different side of the issue because, for me, I voted for it, not because I loved it, but because to me it was the only way to save the economy.

I think some of it's working. I agree that I have the same concerns about the lack of reporting that has been done to us, that this administration has not told us how effective it has been. I agree with those concerns, but that's not what we are debating. The bill before us is an improvement on the bill that we passed, and those other concerns should be directed when we get that other bill, hopefully within the next few days, and I may actually join you when the time comes, don't know yet.

It depends on whether this bill gets passed. It depends on what the new incoming administration says about this bill that's currently before us.

But let's not forget how we had the last one. Many of us tried to add some of these provisions the last time. We were told by the current President that if those things were added he would not sign the bill. He would veto it and let the economy go down the tubes. We were told by some of our colleagues in the other body that they would not go along with it.

So we were stuck with the situation. You either save the economy or do nothing.

I actually respect those of us who did nothing. I wasn't sure that my vote was right. I am still not sure, as I stand here today. And anyone who is so certain that they know exactly how to fix this economy, well, good luck to you and God bless you, because you are much more certain than most Americans.

Most of us are doing the best we can with the knowledge that we have. I wish I could sit here today and say to you that the hearing we had a few weeks ago in Financial Services provided me all the information I needed to make a thoughtful judgment on whether the next 350 should go forward.

Instead, I was told we are not going to look at the individual institutions. We don't care what they do. That is an insane statement. No one can agree with that, yet that's what we were told.

I have some belief and some faith that the new administration will feel differently. I believe this bill sets forth clear or at least clearer definitions of what must be in the report, clearer definitions of how the money should be used.

I haven't heard one reason to vote against the bill that's before us. I have heard reasons to vote against potentially the next 350.

But let's focus on the bill that's in front of us. I would like to hear one reason why we shouldn't specify better reporting, that we shouldn't strengthen oversight, that we shouldn't clearly state that this Congress wants something to be done directly about mortgage foreclosures. I haven't heard that.

Mr. BACHUS. Mr. Chairman, I yield an additional 4 minutes to the gentleman from New Jersey (Mr. GARRETT).

Mr. GARRETT of New Jersey. I thank the ranking member.

You know, Mr. Chairman, this debate and maybe this vote is an exercise in futility. Our distinguished chairman has already noted in various media outlets that he doesn't believe that this bill is ever going to become law. The Senate Banking Committee chairman has declared that he is not even going to bother drafting similar legislation, much less voting on it.

So, you might ask yourselves, why is it that we are here today? As an aside, the chairman said interestingly enough