When I walked through with them the provisions of President Obama's recovery act in terms of the funds that they will get this year if we get this to the President's desk by President's Day, signed into law, the funds will flow by July 1 for this fiscal year, there was skepticism, and I don't blame them. The Federal Government has not funded Special Ed, has not funded No Child Left Behind.

But when I explain to them that this measure has passed the Appropriations Committee, the Ways and Means Committee, the Energy and Commerce Committee as of last week, and we are voting on it this coming Wednesday, after the stunned silence, the room burst into applause because these folks are feeling the pressure of this economic downturn just like people in the private sector are.

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But what we need to do as a Nation is, again, to make sure that in terms of trying to deal with this short-term crisis that we are in, that we are not going to do long-term damage to the young people of this country who had no responsibility for the fiscal and economic idiocy of the last 8 years. And that is why it is so important, as a Congress, we must step forward and support the American Recovery and Reinvestment Act and make sure that America's public education will endure.

OBAMA ADMINISTRATION STATEMENTS

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

Mr. BURTON of Indiana. Mr. Speaker, I would like to ask my colleagues a question: Who said this: ''The problem with socialism is you eventually run out of someone else's money'' that is the problem with big spending in government when you don't have it?

My good friend, Mr. POE, just talked about a lot of the waste that is in the so-called stimulus package. But you know, in addition to that there are a lot of other things that worry me, like the things that the President just said and some of his cabinet members just said, and what the vice president just said.

Let me just read to you a quote from President Obama which was on Friday, January 16. He said, talking about the $835 billion stimulus package, ''This plan is a significant down payment on our most urgent challenges.'' Down payment? That is almost $1 trillion, plus the $700 billion that we put in the bailout bill for the banks and Wall Street. So that is $1.5 trillion, and he says this is a down payment on our most urgent challenges.

We are spending so much money that we are going to have hyperinflation down the road. And it won't be just us that will be paying for it; it will be our kids and our grandkids, and the quality of life for everyone is going to suffer.

And then, of course this Sunday, appearing on CBS face the Nation, Vice President BIDEN said that, ''Obama's choice for Treasury Secretary, Timothy Geithner, will soon recommend to President Obama whether more money is needed beyond the $700 billion already allocated to American banks.''

So the $700 billion, $350 billion of which we don't know anything about, it may have been wasted, at least a large part, and there is another $350 billion in the tank that President Obama is going to use; and now Vice President BIDEN is saying that they may need more than the $700 billion.

So here, we hear the President talking about a down payment on the money that is going to be spent, $835 billion, and Lord only knows how much is going to be added to that. And then, Vice President BIDEN says that Mr. Geithner might want more than the $700 billion that has been used for bailing out the banks and Wall Street. And then of course, on Meet the Press Sunday, Lawrence Summers, a top economic adviser to President Obama, said, ''The government can't afford to spend more than $1 trillion to boost the economy and save financial institutions.''

I would just like to say to my friends who might be paying attention, it is not the government that is spending that money; it is the taxpayers that are spending that money. And we are spending this country right down into a dark black hole from which we may never get out. I mean, it is tragic that we are just throwing money at this, when we should be cutting taxes across the board to give Americans and business more disposable income so they can get this economy moving again in the right direction through the free enterprise system.

President Barack Obama signed his first two Presidential memoranda aimed at getting us on the path to energy independence; and what he said when he signed those just today or yesterday, he said, ''That is a down payment on a broader and sustained effort to reduce our dependence on foreign oil.''

Everything is a down payment, which means they are going to spend trillions more, billions and trillions more of money that they don't have that is going to have to be printed or we are going to have to borrow from someplace like China.

We are putting this country into an economic black hole that we shouldn't be doing right now. What we should be doing is stimulating the economy the right way, by giving the American people part of their hard-earned money back and creating an incentive for business to invest in this country, like cutting the capital gains tax at least for 1 or 2 years. If we did that, we would have true economic recovery that will last, and not something that is just going to last until we print more money.

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

(Mr. DEFAZIO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

OUR ECONOMY

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

Ms. KAPTUR. Mr. Speaker, our economy is far from healing. Economists believe that the proximate cause of our economic crisis is the housing foreclosure crisis. I agree. Thus, I want to help explain how the very banks the Executive Branch is bailing out have and continue to make money off our constituents through deceptive practices in the housing industry, specifically through the sale of those mortgages.

I have a constituent in Sandusky, Ohio, who refinanced his home due to a divorce to an adjustable rate mortgage through an Ohio bank. But then, J.P. Morgan Chase Bank in New York bought the bank and closed the deal on the refinancing of the mortgage. Chase did not properly disclose to this gentleman that the rates were higher than what was in the original loan documents, which violates the Real Estate Settlement Procedures Act and the Truth in Lending Act.

My constituent has paid and, to the best of my knowledge, is making regular payments on his mortgage to an escrow account; however, around last October, with the help of a lawyer, he served J.P. Morgan Chase a notice of rescission on his loan due to the aforementioned violations. His lawyer requested that Chase inform him of any interested parties and holders of his mortgage to properly notify them of his rescission. Chase has not properly answered his query, so the case is going to court.

It is the belief of my constituent's lawyer that Chase cannot name the holder of the mortgage. His loan was sold to a bank which placed his mortgage in a loan serving pool. Then his loan was chopped up into parts, bundled, and sold as mortgage-backed securities to hundreds of large institutional investors. Involved are trust oversight managers, depositors, underwriters, trust administrators, investors, trust fund issuing entities, trustees. But who really knows who all are involved? But we know this: They all got a piece of the pie on the transaction.

This loan pooling process, some would say a Ponzi scheme, for securitization of loans make one's head spin. But at its core is one thing: Lots of profit on the upside, and now lots of loss on the downside.

I do not know if my constituent can rescind his loan, avoid foreclosure, save his credit rating and, therefore, his financial future, because he cannot properly notify the holder of the mortgage. No one knows who it is.

My constituent's situation is not unique, and in fact the story reverberates from sea to shining sea. We bailed out the banks because of these very practices which created certain toxic assets; yet, the practices continue: People lose their homes, the economy is tanking, and the bailed out banks are filling their coffers, paying dividends, making acquisitions, giving bonuses, holding auctions of these properties.

Furthermore, I would like to call your attention and include in the RECORD today's Wall Street Journal article titled, ''Lending Drops At Big US Banks.'' According to the article, 10 of the 13 biggest beneficiaries of bailout monies who received $148 billion of our taxpayer money saw their outstanding loan balances decline by a total of $46 billion between the third and fourth quarters of 2008. That means they weren't making loans with the money they got. The intent of bailing out Wall Street by those who voted for it was to free up credit. They didn't do it. And, Federal regulators are aiding and abetting them.

Rather than using the Federal Deposit Insurance Corporation and the Securities and Exchange Commission as the proper agency for mortgage resolution, what we continue to see is Treasury in charge, which is a revolving door between Wall Street and the highest levels of our government.

Paul Volcker put out a report last week on behalf of the Group of 13, calling for nations to reform their pro-cyclical regulatory and accounting rules. Unless this is done, why would our government allocate one more penny of taxpayer funds to cleaning up the mess that Wall Street and Washington leaders have gotten us into?

[From the Wall Street Journal, Jan. 26, 2009]

LENDING DROPS AT BIG U.S. BANKS—TOP BENEFICIARIES OF FEDERAL CASH SAW OUTSTANDING LOANS DECLINE 1.4% LAST QUARTER

(By David Enrich)

Lending at many of the nation's largest banks fell in recent months, even after they received $148 billion in taxpayer capital that was intended to help the economy by making loans more readily available.

Ten of the 13 big beneficiaries of the Treasury Department's Troubled Asset Relief Program, or TARP, saw their outstanding loan balances decline by a total of about $46 billion, or 1.4%, between the third and fourth quarters of 2008, according to a Wall Street Journal analysis of banks that recently announced their quarterly results.

Those 13 banks have collected the lion's share of the roughly $200 billion the government has doled out since TARP was launched last October to stabilize financial institutions. Banks reporting declines in outstanding loans range from giants Bank of America Corp. and Citigroup Inc., each of which got $45 billion from the government; to smaller, regional institutions. Just three of the banks reported growth in their loan portfolios: U.S. Bancorp, SunTrust Banks Inc. and BB&T Corp.

The loan figures analyzed by the Journal exclude some big TARP recipients that haven't reported fourth-quarter results yet, such as Wells Fargo & Co.

The overall decline in loans on the 13 banks' books—from about $3.36 trillion as of Sept. 30 to $3.31 trillion at year's end—raises fresh questions about TARP's effectiveness at coaxing banks to reopen their lending spigots.

''It has failed,'' said Campbell Harvey, a finance professor at Duke University's business school. ''Basically we have dropped a huge amount of money . . . and we have nothing to show for what we actually wanted to happen.''

CREDIT CONSTRAINTS

In a survey last month of 569 U.S. companies, Mr. Harvey and researchers at Duke and the University of Illinois found that 59% felt constrained by a lack of credit. Many of those firms are shelving expansion plans and cutting jobs as a result of funding shortages, according to the survey, which is expected to be released this week.

Bankers say it is unfair to expect them to funnel a large portion of their government capital into loans so soon after receiving it. They say it takes time to make prudent loans and to attract new deposits that will allow them to lend out their new capital efficiently.

Demand for low-risk loans is also ebbing as consumers and businesses rein in their spending and try to conserve cash, according to bank executives. Even though mortgage rates are down, for example, applications in the week ended Jan. 16 declined about 10% from the previous week, according to the latest data from the Mortgage Bankers Association.

Meanwhile, federal regulators have been pushing many banks to set aside extra capital to cushion against losses. Bankers say that is at odds with the government's encouragement to make more loans.

The fact that loan portfolios are shrinking at many of the largest TARP recipients underscores how few strings Treasury Department officials attached to the infusions. That has made it hard to prevent banks from using the money to pay dividends, make acquisitions and fund bonuses for top executives.

Federal officials argue that the downturn in lending would have been much more acute without the TARP funding, and that attaching additional strings to the money could have led banks to make risky loans or to refuse to accept the government capital.

Obama administration officials acknowledge that TARP hasn't managed to jump start lending as intended, and say they plan to overhaul the program to address the shortcomings. TARP recipients must submit lending data to the Treasury Department by the end of January, though industry officials don't expect the disclosures to divulge much more than what banks already include in routine regulatory filings.

Around the world, bankers are under pressure from regulators and lawmakers struggling to prop up the financial system. Politicians in the U.S. and overseas are ratcheting up their rhetoric about banks needing to do their part. On Sunday, Franz Müntefering, chairman of Germany's Social Democrats, said in an interview with a German newspaper that ''most of the bankers are competent and responsible, but there are also some beatniks, pyromaniacs and gangsters.''

NEW STUDENT LOANS

In a sign that banks are feeling political heat, Citigroup is expected to announce Tuesday a plan to use some of its TARP money to finance tens of billions of dollars in new loans this year, according to people familiar with the situation. The push will include credit cards, student loans and mortgages aimed at specific segments of the population, one person said.

Of the $45 billion it got from the government, Citigroup last fall invested $10 billion in Fannie Mae's short-term commercial paper, which the company views as relatively low risk, according to the person familiar with the matter. The remaining $35 billion hasn't been put to use yet.

Even critics of TARP's capital injections say that they steadied financial institutions and soothed investors, averting possible catastrophe. The first capital infusions were announced about a month after Lehman Brothers Holdings Inc. filed for bankruptcy protection, igniting fears that other shaky financial companies could collapse.

The fourth-quarter decline in overall loan volume at the 13 banks coincides with an industry-wide retreat from broad swaths of consumer lending. Banks have scaled back on mortgage lending, canceled or substantially reduced many home-equity and credit-card lines and, in some cases, simply stopped making certain types of loans unless they're guaranteed by the U.S. government.

RECESSION WOES

Despite dismal economic conditions, many bankers insist they are making every good loan that they can. Bank of America and J.P. Morgan Chase & Co., which got a combined $70 billion in government capital, said they originated a total of $215 billion in loans in the fourth quarter. Their combined loan portfolios shrank by about $28 billion in the same period.

Scott Silvestri, a Bank of America spokesman, said the Charlotte, N.C., bank's loan balances declined in part because more borrowers have been paying off their debts. In addition, ''there were fewer opportunities to make high-quality loans because of the recession,'' he said. A spokesman for J.P. Morgan declined to comment.

The loan volumes that banks disclose publicly only reflect outstanding loans on their books, many originated years ago, not the actual amount of new loans made in a given quarter. While several banks reported the amount of new loans they made in the fourth quarter, they didn't disclose comparable figures from prior periods.

''What you can't tell is how low they would have sunk in the recession we're in were it not for the TARP money,'' said Walter Moeling, a partner in the banking practice at law firm Bryan Cave LLP.

The overall decline in loan balances during the fourth quarter reflects the huge hurdles and conflicting agendas that need to be overcome before credit can start flowing smoothly again.

For instance, many banks have said they are using TARP funds to cover current or anticipated defaults on a wide variety of loans.

At the same time, shareholders at many institutions have demanded that they slim down their balance sheets to reflect the new risk-averse environment.

At BB&T, a Winston-Salem, N.C., bank that got $3.13 billion from TARP, fourth-quarter lending volume rose about 2%, or $2 billion. While BB&T is making new loans, Chief Executive Kelly King said the bank invested much of its taxpayer capital as a way to earn a decent return while shunning risk.

''We parked it there, and will redeploy it as quickly as we can, not in a panic,'' Mr. King said last week on a conference call with analysts. ''We're not going to make a bunch of bad loans.''

The overall loan decline likely understates the magnitude of the industry's retrenchment.

In normal times, banks would make loans and then sell many off to investors or financial institutions. But that practice has ground to a halt, so more loans today are staying on banks' books. As a result, some banks' loan portfolios could appear larger than they would have in the past, even though they aren't actually making more loans.

Bank balance sheets also have been inflated as more companies draw on credit lines that banks committed to before the financial crisis erupted. Last fall, an increasing number of borrowers started tapping those lines, banks say, either because other types of credit were evaporating or out of an abundance of caution.

For example, KeyCorp, where total loan balances declined by about $200 million in the fourth quarter, saw a $1.3 billion leap in its commercial, financial and agricultural loans. Chief Financial Officer Jeffrey Weeden said that was primarily the result of clients dipping into their revolving lines.

KeyCorp, which is based in Cleveland and received $2.5 billion in federal capital, made or renewed $5.7 billion of loans in the fourth quarter. But KeyCorp has stopped making student loans unless they're backed by the U.S. government.

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

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

ECONOMIC STIMULUS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Mrs. MALONEY) is recognized for 5 minutes.

Mrs. MALONEY. Mr. Speaker, the current economic crisis requires bold solutions that address the magnitude of our economic woes, and the American Recovery and Reinvestment Plan will do just that. The $825 billion recovery package that we will vote on this week will create or save an estimated 4 million jobs and will make key investments in our future.

First and foremost, the economic recovery package focuses on blunting the effects of the recession and helping families in need by increasing food stamps for some 30 million Americans, expanding unemployment benefits, and preserving health care benefits.

Our plan protects health care coverage for nearly 20 million Americans during this recession by increasing the Federal Medicaid Assistance Percentage, FMAP, so that no State has to cut eligibility for Medicaid and SCHIP, the Children's Health Insurance Program, because of budget shortfalls.

I am encouraged that in my home State of New York, where we have an unemployment rate of 7 percent, the State would qualify for an additional 6 percent FMAP on top of the 4.9 percent base FMAP increase, for a total of 10.9 percent, resulting in roughly $10.4 billion over nine quarters. This is critical funding for our State which is seeing an increase in caseloads as a result of the recession.

We will also provide health care coverage for nearly 8.5 million Americans through a tax credit that would allow newly uninsured and unemployed Americans to keep their health insurance through COBRA, as well as a new option in Medicaid for low income people who lack access to COBRA.

The recovery plan also invests in important needs that have been neglected over the past 8 years. America's schools, roads, bridges, and water systems are in disrepair, and this is creating a drag on economic growth. We will embark on the most ambitious public investment agenda since the 1950s, when we created the Interstate Highway System, which provided an important engine of economic growth.

We have an historic opportunity to make the investments necessary to modernize our public infrastructure, transition to a clean energy economy, and make us more competitive in the future.

Our plan will modernize our transportation infrastructure, and repair thousands of miles of roadways; enhance security at 90 major ports; renovate 10,000 public schools, and improve the learning environment for about 5 million children; launch thousands of clean drinking water and wastewater initiatives; computerize every American's health record in 5 years, reducing medical errors and saving billions of dollars in health care costs; undertake the largest weatherization program in history, modernizing 75 percent of Federal buildings and 2 million homes; and, double our renewable energy generating capacity over the next 3 years, creating enough energy to power 6 million American homes.

Our plan also supports working families by providing a $1,000 Making Work Pay tax cut for 95 percent of workers and their families. In addition, we will expand the child care tax credit, providing a new tax cut for parents of more than 6 million children, and increasing the benefit of the existing credit for more than 10 million young people.

By including major fast-spending provisions like tax cuts for middle-class families, measures to avoid State health care cuts, and temporary expansions of unemployment insurance, food stamps, and health care for unemployed Americans, the package will spend out at least 75 percent of its total commitment within the first 18 months after passage. The plan will spread job creation out over the next couple of years, which will soften the downturn and foster a solid economic recovery. This is a balanced stimulus plan that benefits all Americans by creating jobs across a variety of sectors.

As President Obama recently said, ''This is not just a short-term program to boost employment. It's one that will invest in our most important priorities, like energy and education, health care, and a new infrastructure, that are necessary to keep us strong and competitive in the 21st century.''

Federal Reserve Chairman Ben Bernanke voiced optimism for the recovery plan, stating that, if enacted, it would ''provide a significant boost to economic activity.'' It is time to get our economy back on track. I urge my colleagues to support this important measure.

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

(Mr. SHERMAN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

THE BANK BAILOUT DEBACLE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentleman from Ohio (Mr. KUCINICH) is recognized for 60 minutes as the designee of the majority leader.

Mr. KUCINICH. Mr. Speaker, this evening I would like to have a discussion about what is going on in the American economy, how it is affecting the American people, the decisions that Congress made to make it possible for financial instruments to become so complicated that it furthered speculation in the marketplace, the decision that Congress made to bail out the banks and the impact on our economy, some solutions that may help us dig our way out of this financial mess, and some suggestions for restructuring some of the institutions of our government that would enable it to more effectively serve the public interest.

Mr. Speaker, I would like to begin with a discussion of a news item which was published today in the New York Times with the headline ''Pfizer to buy Wyeth in $68 billion deal.'' This deal, according to the Times, would create a pharmaceutical behemoth, the $68 billion deal. One of the most noteworthy parts of the report indicated that Pfizer's bid is being financed by four banks that received Federal bailout money, Goldman Sachs, JPMorgan Chase, Citigroup, and the Bank of America.

It goes to say that such banks have been criticized for not doing more lending since they received government aid. Needless to say, most consumers will understand that if you see a conglomeration in the pharmaceutical industry, it can only mean higher costs for pharmaceuticals for the American people. But what is interesting is this is being facilitated with money from the American people, money that went to banks that claimed that they needed the money to survive, but now they are using the money instead to help finance acquisitions.

And they are using the money instead to enable banks to be in a position of making direct investments in individual banks if they want to, but more specifically, banks have taken a