the stimulus bill, that we would create 3.5 million new jobs. Well, here it is, what, 8, 9 months later, we've spent a great deal of the stimulus money, and instead of creating 3.5 million new jobs we've lost 3 million jobs. That's a 6.5 million job swing.

Yesterday, Dr. Christina Romer, the Chairman of the President's Council of Economic Advisors, said that the economic stimulus package, $1 trillion—and remember, we're $1.4 trillion in the hole this year—that the economic stimulus package at $1 trillion wasn't going to work anymore for the next several months and we should expect the economy to continue to drift downward, with unemployment reaching 10 percent. The reason I bring this up is because 49 out of the 50 States have lost jobs while we spent $1 trillion to create the jobs.

Now, just stop and think about that. We're throwing money at this situation as rapidly as possible, the government is getting its nose into every aspect of our economy, moving toward a European socialist-type economy, and the economy continues to drift downward. And why is that? Because we're taking more and more money and spending it that we don't have, number one. And number two, they're going to tax us to death at a time when we're suffering economic calamity in this country.

What should we be doing? Well, Ronald Reagan came into office back in 1980 when Jimmy Carter had 12 percent unemployment—worse than now—and 14 percent inflation—worse than now—with a misery index of 26 percent. And they said you had to raise taxes because we had such problems, we had to have more money. Ronald Reagan said, well, I think we ought to cut taxes. And so they cut taxes across the board, and he was criticized severely for it.

They said, well, there is going to be a shortfall in money coming into the Treasury. We were bringing in $500 billion a year in taxes at the time, and 4 years later we were bringing in $1.3 trillion. Do you know why? Because when you cut taxes, you give people more disposable income, business has more money to invest. And so business invests, people buy more products because they have more money, because of that they produce more products, more jobs are created, and the economy expands. It makes common sense; if you have more money, you're going to be able to spend more money.

And so what happened was we had the longest period of economic expansion in the history of this country because we had a President that could see what really needed to be done—let the free enterprise system work and let people have more of their money to spend. Cut government spending and cut government taxes. Well, Reagan did the job.

So what are we doing today? We've got a government that thinks they should control everything, and they're moving toward a socialist economy very similar to what you see in France and England and other parts of the world that are really suffering and continue to suffer through economic chaos.

All I can say, if I were talking to the President, is, Mr. President, get real. Wake up. Forget this socialist nonsense. Take a look at the history book and look at what Ronald Reagan did. And if you would do that, and instead of raising taxes cut taxes, you would stimulate economic growth, put people back to work, and get this economy heading in the right direction.

I don't know if the President pays attention to what we're saying around here, Mr. Speaker, but if he does pay attention, I hope he'll listen and look at the history books and check out what Ronald Reagan did.

WALL STREET, WE ARE WATCHING YOU

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, this week, The New York Times reported that Credit Suisse, the largest Swiss bank, stated how it will overhaul compensation for its banking executives. The changes go into effect in January and include their compensation for 2009 and 2010.

Importantly, Credit Suisse ties compensation and bonuses to the firm's future performance and return on equity. In other words, if your decisions yield solid performance, you will be rewarded on that, not on arbitrary bonuses taken just because you can. I'd like to commend Credit Suisse's experience to other big banks in our country. We should follow suit in an even more rigorous reimposition of discipline.

By contrast, in a speech on September 9, 2009, Goldman Sachs' Chief Executive Officer Lloyd Blankfein put forth some principles on compensation. We asked when Goldman Sachs was going to implement those changes; we haven't heard back. But Credit Suisse already did it; they did it in line with the principles established by the G–20 in Pittsburgh earlier this year.

In their press release, Credit Suisse reaffirms the bank's commitment to fair, balanced, performance-oriented compensation policies that align long-term employee and shareholder interests.

So, once again, Wall Street could have led the charge and embraced, for the sake of our Nation, reforms of employee compensation which rewarded short-term gains and encouraged excessive risk-taking as well as increased moral hazard. Instead, Wall Street stood up only for themselves again, first, last, and always. They simply have too much power.

Moreover, Credit Suisse's approach claws back bonuses if the banks perform poorly. Why should America accept that if a bank performs poorly, that bonuses should be paid out when our taxpayers' money is propping them up and at risk? In particular, if the government saved your bank and therefore your pay despite your poor performance, why should you get a huge bonus? It makes no sense.

Congress and the administration, by allowing huge bonuses in the wake of huge bailouts, have ceded our people's power to Wall Street. These individuals are making three, four, five, six—10 times as much as the President of the United States.

Today, Obama pay czar, Kenneth Feinberg—who was not vetted by the Senate through normal procedures—is supposed to address this situation for our country. Feinberg is expected to cut the average pay only of the top earners at the seven bailed out firms, AIG, Bank of America, Citigroup, General Motors, Chrysler, GMAC, and Chrysler Financial. Remember, the American taxpayer saved them all—for example, they saved Citibank from its downfall. So their jobs were saved, their companies were saved by us, yet they get bonuses?

Some say we would be a lot worse off if this lopsided approach had not been imposed, but far too many Americans find it hard to imagine that as they have lost their jobs, their homes, their access to credit, their sense of hope, and their self-respect. Meanwhile, they see Wall Street titans enriching themselves even more and the biggest banks getting even bigger. That's what is happening across our country.

Wall Street should have been leaders for our republic, helping the Americans whose money saved them, but their culture of ordinary greed continues to stampede forward. They simply don't care about the rest of us. The distance between those elites and our people are growing, and with each step the have-nots suffer more and pay for those that have far too much.

Amidst the compensation fiasco is the core problem: These megabanks are too unaccountable and too big—some call them ''too big to fail.'' As many have said, those institutions too big to fail are actually too big to exist. It's time to break up the biggest banks, sell off their healthy parts, and never let another bank or financial institution become too big to fail. Wall Street comeuppance is long overdue.

Main Street USA is paying close attention to your shenanigans. We don't intend to take the spotlight off until justice prevails and the stampeding bulls are put back in very tight cages.

[From the New York Times, Oct. 21, 2009]

CREDIT SUISSE OVERHAULS COMPENSATION

(By Graham Bowley)

As Wall Street looks forward to a new era of blowout bonuses, the unthinkable is happening, at least at Credit Suisse, the big Swiss bank. It said on Tuesday that it would radically change the way it paid its employees.

In a break with longstanding industry practices, Credit Suisse intends to alter the mix of salaries and bonuses for its top employees, tie the bonuses to a specific financial measure and effectively claw back the payouts if the bank's fortunes dim.

The move will not necessarily reduce compensation at Credit Suisse, which is moving aggressively to compete with American banks on Wall Street. But the shift nonetheless brings Credit Suisse in line with pay practices endorsed in September by the Group of 20 nations and puts the bank ahead of resurgent rivals like Goldman Sachs, some of which are contemplating similar changes but have yet to make their plans public.

Goldman, for its part, announced new pay principles in May, which it says embrace best practices on compensation.

A year after Washington rescued the financial industry, bonuses are once again front and center as some big banks roar back in profitability. Goldman, for instance, is on track to award bonuses that could rival the record payouts it made at the height of the boom.

But the likelihood that Wall Street will enjoy big paydays as many ordinary Americans are struggling has angered some policy makers and created a public relations headache for banks. Many are struggling to defuse the resentment directed at the industry.

The Credit Suisse plan will cover roughly 2,000 employees in the United States. Top executives will receive a greater portion of their total compensation in the form of their monthly cash salaries, while bonuses will be split evenly between cash and stock.

The stock will vest over four years, and the cash portion will pay out in three. But both components will be adjusted based on the bank's performance over that period, with a particular emphasis on its return on equity, a closely watched financial measure. The performance of an executive's business will also be taken into account.

By tying payouts to a specific measure like return on equity, Credit Suisse will essentially be able to take back bonuses in the event the bank's fortunes take a turn for the worse. Credit Suisse earlier introduced a bonus plan linked to some of the bank's troubled assets.

Claw-back provisions are becoming increasingly common on postcrisis Wall Street. Critics say the industry's decades-old bonus culture, which focused on short-term profits, encouraged the excessive risk-taking that led to the crisis. Morgan Stanley introduced provisions for a portion of its employees' bonuses last year, and another Swiss banking giant, UBS, imposed similar rules on deferred pay.

But Credit Suisse executives and compensation experts said the bank's plan was the most detailed and comprehensive yet to take back pay if senior executives—and the bank—failed to perform adequately.

''As far as we know, we are the first major bank to announce a compensation structure that is consistent with the best practices laid out at the recent G–20 summit,'' Brady W. Dougan, chief executive, said in a statement.

The bank is also introducing a minimum share ownership requirement for members of management committees and the executive board to align the most senior executives' pay with shareholders' interests, although it did not specify the new thresholds.

Lynn A. Stout, professor of securities law at the University of California, Los Angeles, said Credit Suisse's four-year stock deferral was at the outer limit of what many banks were considering.

She said many other banks were thinking of changing compensation practices along similar lines to rein in practices that made multimillionaires out of many financial executives during the housing bubble.

''You get a sense that there is a cultural shift in boardrooms and a new awareness about looking to the longer term,'' she said.

At a meeting of the G–20 last month, leaders agreed on recommendations to defer bonus payouts for several years and reduce the incentives for people to take short-term gambles, although they avoided any explicit call for a ceiling on remuneration. The return to big profits at some banks and big bonus payouts, even at firms that received billion-dollar federal bailouts, has raised questions about whether compensation should be even more tightly controlled.

In the summer, the Securities Industry and Financial Markets Association, a financial industry trade group, put forward guidelines on best practices, which included tying bonuses more closely to long-term performance and a more independent role for bank compensation committees.

The Federal Reserve is now preparing to release its own guidance on compensation for the more than 5,000 banks it regulates. It would cover staff at all levels within banks, not just at the most senior levels, and would apply to Goldman and Morgan Stanley, which became bank holding companies last year.

In broad scope, the new rules being considered depart from the largely hands-off approach that dominated bank regulation in the United States for the last three decades. They give banks freedom in how they structure their compensation. The rules are intended to inhibit pay plans that encourage reckless behavior by rewarding only short-term gains. But they would not stop million-dollar pay packages or address issues of fairness.

The stimulus bill that President Obama signed into law this year restricts companies that accept federal bailouts from paying bonuses that exceed one-third of an executive's total annual compensation.

Now, Kenneth R. Feinberg, the administration's pay czar, is due to publish by Oct. 30 his finding on pay at the seven major banks that still have not returned large amounts of federal support.

His report will include judgments on the 25 most heavily compensated executives at each of the banks—citing pay levels and composition of pay, and whether compensation is properly aligned with performance.

CREDIT SUISSE ANNOUNCES ITS COMPENSATION STRUCTURE FOR 2009 AND 2010

ZURICH.—October 20, 2009.—Credit Suisse today announced its compensation structure for 2009 and 2010. The new structure is consistent with the guidelines for best practice that were recently announced at the G–20 summit and reaffirms the Bank's commitment to fair, balanced and performance-oriented compensation policies that align long-term employee and shareholder interests.

Brady W. Dougan, CEO of Credit Suisse Group, said: ''At a time of strong focus on executive compensation, we are announcing a compensation structure that enables us to strike the right balance between paying our employees competitively, doing what is right for our shareholders and responding appropriately to regulatory initiatives and political as well as public concerns.''

''We have been using deferred, share-based compensation instruments for many years and we continue to be committed to these principles. They are at the heart of our compensation structure for 2009 and 2010.''

''The changes to our compensation system follow a number of measures Credit Suisse has taken over the past two years in response to changes in the financial services sector. These measures include making adjustments to our business strategy, significantly reducing our risk exposures, including introducing a reduced-risk, capital-efficient business model in the Investment Bank, and strengthening our capital base.''

OVERVIEW OF KEY FEATURES

The changes announced today will be effective from January 1, 2010 and will apply to compensation awarded for the year 2009. The most important features of the structure are:

1. A shift in the mix of discretionary variable (bonus) and fixed compensation for Managing Directors and Directors, which will result in a change in the proportion of non-deferred compensation paid as fixed base salary.

2. The introduction of two new instruments for deferred variable compensation awarded to Managing Directors and Directors: Scaled Incentive Share Units (SISU) and Adjustable Performance Plan Awards (APPA). A significant proportion of this population's variable compensation will be delivered in these new type of awards (50% each).

SISU are similar to Incentive Share Units (ISU), an equity based instrument that has been in place for the past three years. The new SISU will deliver a base share amount on a four-year pro-rata basis. Delivery of additional shares will depend on the average share price as well as return on equity (RoE) over four years.

APPA is a cash-based award which will have a notional value that adjusts upward annually based on Credit Suisse's RoE over three years. A mechanism will adjust the outstanding awards downward, should the business area of the employee be loss-making.

The principles and instruments used for Managing Directors and Directors also apply to members of the Executive Board but not to employees at the level of Vice President or below.

In addition, Credit Suisse will introduce minimum requirements relating to Credit Suisse share ownership for members of Divisional and Regional Management Committees and for the Executive Board.

CONFORMITY WITH G20 GUIDELINES AND REGULATORY ENVIRONMENT

The new structure and the new vehicles are consistent with the guidelines for best compensation practices that were recently announced at the G–20 summit and reaffirm the Bank's commitment to fair, balanced and performance-oriented compensation policies that align long-term employee and shareholder interests. Credit Suisse will continue to refine the provisions of the plan as well as the governance process for compensation decisions and disclosure to shareholders, based on competitive factors and the evolving regulatory environment.

DETAILS OF THE CHANGES IN COMPENSATION 2009/2010

The following is a brief summary of the changes and the new compensation instruments announced today. A detailed description will be included in the Group's Annual Report 2009.

CHANGES TO BASE SALARY FOR MANAGING DIRECTORS AND DIRECTORS

In order to strike an appropriate balance between fixed and variable compensation, Credit Suisse is planning a shift in the mix of variable and fixed compensation for Managing Directors and Directors. This will result in the payment of an increased proportion of compensation in the form of fixed base salary. Employees up to and including Vice Presidents will continue to be reviewed for potential annual salary adjustments, consistent with previous practice.

VARIABLE COMPENSATION

Cash Awards

Discretionary variable compensation will continue to be paid in unrestricted cash for amounts below CHF 125,000 / USD 100,000 (or the local currency equivalent). For higher amounts, table will indicate the proportion of variable compensation subject to deferral. Deferred compensation will be split 50/50 between SISU and APPA.

SCALED INCENTIVE SHARE UNITS

Scaled Incentive Share Units (SISU) are similar to the existing Incentive Share Units (ISU) with a new element that increases or decreases in value based on Credit Suisse's average RoE. As with traditional ISU, the base share amount vests annually, in the case of SISU on a four-year, pro-rata basis. My additional shares will vest on the fourth anniversary of the award date, based on the price of Credit Suisse Group AG registered shares. A new feature will link the final number of additional shares to an additional factor: If Credit Suisse's average RoE over the four-year period is higher than a pre-set target, the number of additional shares will be adjusted upwards, and if it is below the target, the number of additional shares will decrease.

ADJUSTABLE PERFORMANCE PLAN AWARDS

Adjustable Performance Plan Awards (APPA) will have a notional cash value subject to a three-year, pro-rata vesting schedule. Awards adjust upward on an annual basis using Credit Suisse's RoE in the respective year as a multiplier. However, should a business area be loss-making, outstanding APP awards held by employees of that business area will be adjusted downwards. The metrics within the revenue divisions will be based on each business area's financial contribution. The metrics for Shared Services, Regional Management and embedded support functions within the divisions will be based on the financial performance of Credit Suisse Group.

[From Reuters, Oct. 22, 2009]

CZAR TO SUBSTANTIALLY CUT PAY: SUMMERS

(By Caren Bohan and Karey Wutkowski)

WASHINGTON (Reuters).—Top White House economic adviser Lawrence Summers said on Wednesday the administration's pay czar will ''substantially reduce'' the paychecks at firms that have received billions of taxpayer dollars.

''With respect to the companies that have been major recipients of federal support, Ken Feinberg is reviewing them . . . (and) will, I suspect, produce an outcome where they will be very substantially reduced,'' Summers told the Reuters Washington Summit.

Feinberg, the pay czar appointed by President Barack Obama in June, is expected to cut total compensation by an average of 50 percent for the top earners at seven bailed-out firms, sources familiar with the matter said on Wednesday.

The administration has faced public outrage, as Wall Street firms that were recently propped up by federal assistance have brought their bonuses back to pre-crisis levels even as the general population faces the highest unemployment level in 26 years.

Summers said Feinberg's rulings—which are expected to be publicly released in the coming days—will ensure taxpayers' interests come before those of shareholders and incumbent management at the beleaguered firms.

The seven bailed-out firms under Feinberg's jurisdiction are AIG, Bank of America, Citigroup, General Motors, Chrysler, GMAC and Chrysler Financial.

SEES FINANCIAL REFORM BY YEAR END

Summers also said he was still hopeful that legislation to broadly rewrite U.S. financial regulations would pass by the end of the year.

''I don't see any reason why it can't get done this year,'' Summers said.

Analysts following the debate on Capitol Hill have become increasingly skeptical that Obama can meet his goal of enacting it by year-end. Some say that early next year might be a more realistic time frame.

While some critics say the bill is not robust enough, Summers said he believed the changes would have a chance to have a major impact on financial stability for years to come.

He said that while the administration wants to guard against efforts by the financial industry to water down the bill, he said the main principles behind it were not at risk.

''I've always put this in terms of some core principles,'' Summers said.

If an institution is big enough and interconnected enough that its failure could damage the financial system, then it must have a regulator that is accountable, he said. ''And there has to be a plan in place for managing your failure if it comes.''

Summers said the proposals under consideration achieve that goal.

TAXPAYERS FIRST

The administration is also committed to fundamentally reforming pay, starting at the firms that have received multiple government bailouts, Summers said.

''It is important where taxpayers have made a central contribution to make sure that taxpayer interests are being put first rather than those of shareholders and certainly rather than those of incumbent management and that's why Ken Feinberg is involved in reviewing compensation levels at the companies where the TARP has made the most major investments.''

Officials have also proposed a broad crackdown on pay, including giving shareholders more say on compensation packages, forcing firms to disclose more on their pay practices and encouraging regulators to shut down risky compensation schemes.

''With respect to companies that are not currently recipients of major support, the focus is really going to be more on process and more on the incentives they create,'' Summers said.

Amid the rhetoric of a strong clampdown on compensation that encourages risk taking, the administration has been careful to say it does not believe in setting explicit caps.

Summers said the administration is sensitive to the need for firms to keep top talent and remain competitive, while not letting Wall Street return to its old ways.

''We are concerned that some in the financial sector would like to go back to the regulatory nonculture and risk management nonculture of the recent past. That wouldn't be acceptable to us,'' he said. ''But the president's always said that we think it's very important that people succeed in America so framing this in terms of the goal being to reduce profits or to eliminate compensation, that would not be our approach.''

[From Financial Times, Oct. 21, 2009]

UK BANK GOVERNOR CALLS FOR LENDERS' BREAK-UP

(By Chris Giles)

Banks should be split into separate utility companies and risky ventures, governor of the Bank of England Mervyn King urged last night, saying it was a ''delusion'' to think tougher regulation would prevent future financial crises.

Mr. King's call for a break-up of banks to prevent them becoming ''too important to fail'' puts him sharply at odds with the direction of domestic and international banking reform.

Mr. King borrowed Churchillian language in a speech in Scotland to highlight the burden banks had placed on taxpayers. ''Never in the field of financial endeavour has so much money been owed by so few to so many. And, one might add, so far with little real reform.''

The forcefulness of Mr King's language reflects his belief that the structure of the banks needs to be put firmly on the international regulatory agenda, where focus has been on strengthening capital and regulating bankers' pay. The Bank governor wants to see the utility aspects of banking—payment systems and deposit taking—hived off from more speculative ventures such as proprietary trading. ''There are those who claim that such proposals are impractical. It is hard to see why,'' he said.

Although he said ideas to force banks to hold debt that automatically turns into equity in a crisis were ''worth a try'', he downplayed their likely effect. ''The belief that appropriate regulation can ensure that speculative activities do not result in failures is a delusion.''

Many experts believe the governor will get his way on separation but by default rather than by design, because proposals for tighter capital regulations on risky parts of banking will make these unprofitable and banks will choose to ditch them.

U.S.-COLOMBIA FREE TRADE AGREEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Florida (Ms. ROS-LEHTINEN) is recognized for 5 minutes.

Ms. ROS-LEHTINEN. Mr. Speaker, I rise today to reaffirm my long-standing support for the Colombian people, the Colombian-American community in south Florida, and to urge my colleagues to approve the U.S.-Colombia Free Trade Agreement as soon as possible.

Colombia is one of our strongest allies in the fight against extremism and drug trafficking, not only in our hemisphere, but around the world.

When I was first elected, Colombia was under siege. Leftist rebel groups and drug cartels such as the FARC and the Medellin and Cali Cartels had taken over large areas of that country. Colombians were prisoners in their own land, fearful for their lives, and watching their country descend further into chaos and darkness. Now, however, after many years of bravery and sacrifice, the Colombian people and its government have taken back their country, and each year Colombia becomes more secure and more prosperous. Colombians have continued to do so despite the unrelenting attack and assault by known FARC sympathizers and supporters of Hugo Chavez and Fidel Castro to derail Colombia's progress. Well, the government and the people in Colombia have persevered.

At a time when U.S. interests throughout the hemisphere are under attack, Colombia has remained a steadfast ally, an indispensable partner in ensuring our security and freedom in the region. The pending U.S.-Colombia