

September 29, 2008: Weekly Washington Update

The past several days have been historic ones for Congress and for the families and people of this great nation. We face significant challenges in our financial markets and I do not underestimate the serious nature of the decisions we face in dealing with the credit crisis. I realize that the current credit crisis could create problems for every American should the financial markets freeze and remain frozen. Throughout this debate it has been clear that action is necessary but the recovery bill considered in the House of Representatives today should not have been the only option.

In reviewing the plan and doing some deep soul searching I believe that it had significant problems. First is the government purchase and ownership of troubled private assets on a massive scale. The impact of this action would be a fundamental change in the role of government in the American free enterprise system. The obligations to offset Wall Street losses would have been placed on future generations. To authorize the Paulson plan would be to lessen the consequences of risky behavior and could lead to riskier behavior in the future. Furthermore it did not go far enough in holding accountable those at fault for the current crisis by failing to establish penalties for their past bad business practices.

There are free market mechanisms that should have been and still can be implemented to help ease the current crisis. While the recovery bill would have allowed community banks to write off losses on their holdings of Fannie Mae and Freddie Mac stock, it did not provide backing to assist banks in raising private capital. By providing incentives for private capital, the government could help troubled banks offset losses that keep them from lending while limiting government intervention and taxpayer risk.

I also have serious concerns with government overseeing the purchase and sale of these troubled private assets. I feared that the purchase and sale of the assets would not have been executed in the most efficient way possible under this proposal and taxpayers could lose. The potential existed for the government to pay too much and sell for too little.

In addition I had considerable reservations about increasing the national debt by 6.6% to \$11.3 trillion dollars to finance the bailout. This equates to an additional \$3,000 of debt for every man, woman and child in the U.S. on top of the \$34,000 already owed by each American toward the national debt. We cannot continue to borrow and spend at this rate and expect a healthy future for our country.

In my deliberations, I sought to make a decision in the best interest of the taxpayers. Over the past week I've had calls, emails, letters and visits from over 2000 constituents of the First District with an overwhelming majority voicing opposition to this recovery plan. Many of you expressed a need for Congress to act, but felt that this plan was not the right course of action. With that in mind I have offered that Congress should not adjourn and should stay in Washington to get the right plan for economic recovery.

My two main priorities for any plan are to most wisely protect you as a taxpayer and to protect the value of your retirement, your home and your savings. There is no doubt that this crisis and resulting legislation would have had significant impact on our future. However, I believe that the proposed plan for recovery had substantial and avoidable flaws. The plan that was before us put \$700 billion in taxpayer funding on the line to bail out Wall Street financial firms, would fundamentally alter free market decision making, let bad actors off the hook and create a massive new

bureaucracy with no guarantee of success. For these reasons I could not vote in favor of this plan.

The House of Representatives failed to pass H.R. 3997, the Emergency Economic Stabilization Act of 2008, today by a vote of 205-228.