

EMERGENCY ECONOMIC STABILIZATION ACT OF 2008 (H.R. 1424)

MR. BURR. Mr. President, I rise today to speak on the financial crisis threatening our nation. Like my fellow North Carolinians, I am very concerned and angry about the circumstances that have brought our country's economy to the brink and that now necessitate the Congress to act. While pointing fingers is easy, the grave fact remains that we are facing one of the most significant economic challenges we have ever confronted – one that threatens our very way of life.

I have heard from thousands of hard-working citizens who have spent their entire lives acting responsibly, only buying a home that they could afford, working hard to put food on the table, saving money to send their kids to college, and only borrowing responsibly when necessary. They are angry, and they have every right to be. I'm angry, too. It is wrong and it's disgraceful that responsible, hardworking people of this country are now being asked to step in to fix a mess caused by the irresponsible and greedy behavior of others. Much of what got us to this point was not only reckless behavior on Wall Street, but also the fact that many people took out risky mortgages that they simply could never afford. A boom of easy money has led to a bust, which has now resulted in a collapse of housing markets all over the country and a potential collapse of our system of credit – the very lifeblood of our economy.

Mr. President, let me be clear -- this crisis threatens the financial security of each and every one of us—whether you have a retirement savings account or a pension, own a home, want to buy a home or a car, or have a savings account for your child's education or want to borrow for college. The current financial instability, if left unchecked, threatens the ability of small businesses and family farms to meet their payrolls, purchase fuel, and pay for their day-to-day business operations as their credit lines dry up and disappear. While many believe that this action is a bailout of Wall Street, the fundamental reason the Senate is compelled to act today is to stop an economic collapse of Main Street. Every day that goes by, our financial system grinds closer to a complete halt. We must act to get to the roots of this financial turmoil and get our financial system moving again.

As the health of our financial system has rapidly deteriorated, many banks have restricted or stopped lending altogether. Families, businesses, and local governments have found it harder to borrow money, money that is needed just to keep daily operations going. Without access to credit, businesses can't borrow money to buy equipment needed to produce their products. Cities and towns can't borrow money for water and sewer systems, roads, or other critically important community projects.

Over the past two weeks, I have heard from small businesses, cities, and towns in North Carolina that have been stranded by this economic crisis—businesses that can't get their standard lines of credit to operate and whose loans have been called. I've heard from counties throughout my state recounting how this national financial crisis is making it impossible to borrow from banks to pay for their schools and other critical projects. These businesses and local governments aren't folks with poor credit ratings or folks who have been late on or missed their loan payments. These are folks with strong credit histories who are the innocent victims currently caught up by our current financial crisis,

and these are the honest, hard-working folks this legislation before us is meant to help by getting credit, the necessary lifeblood of our economy, flowing again.

Whether we like it or not, we now face a financial crisis that is unprecedented in scope, with repercussions so far-reaching that no American would be immune. So, we now face a choice. We could do nothing and just let our entire country—which depends on credit to function every day—seize up and come to a halt. We could do that, but history has painfully shown us what happens when you do nothing and credit dries up. America felt this during the Great Depression. The result was a 40 percent foreclosure rate, massive unemployment, and years of economic hardship for millions.

Like many of my Republican colleagues in Congress, I cannot stand the notion of supporting something that violates my fundamental belief in free enterprise, the freedom to succeed, and the freedom to fail. That we have to consider this legislation at all marks a sad day in our nation's history. But as a public servant, and as an elected representative of the Great State of North Carolina, I do not believe I can sit by and let this country fall into the worst economic state that it has ever faced. The risks of just rolling the dice, doing nothing, and letting the chips fall where they may are, in my opinion, too high. A working credit system is core to a strong economy. The bipartisan bill before us is our best chance, and perhaps our last chance, to avert this looming crisis.

While the need for this legislation is regrettable, I am heartened that the plan before the Senate includes very important protections for taxpayers, limits on executive compensation for Wall Street, and strong measures to ensure proper oversight and accountability. Under the legislation:

- Those companies that sell their bad assets to the Federal government must also provide warrants (a type of ownership stake) so that taxpayers will benefit from any future profits. If the program ends up making money for taxpayers, that money must go toward paying down the National Debt. If the program loses money for taxpayers, then the President will be required to submit a proposal to Congress for recouping those losses from the financial institutions.
- Corporate executives will have their golden parachutes clipped and any unearned corporate bonuses must be returned. In addition, companies will pay taxes on executive pay and, in many cases, must limit executive pay.
- The FBI has already begun preliminary investigations into criminal wrongdoing by the management of 26 financial institutions, including Fannie Mae, Freddie Mac, AIG, and Lehman Brothers. The FBI is also pursuing over 1,400 mortgage fraud cases nationwide. This legislation will beef up that enforcement.
- Savings deposits will be insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC), up from the \$100,000 limit currently in place. This additional protection is very important for retirees, near retirees, and small businesses so that they know their savings and basic business operation accounts are indeed safe.
- An Oversight Board will be established to monitor the Treasury's activities. In addition, a new Inspector General will be appointed to protect taxpayers against fraud, waste, and abuse.

- Rather than giving the Treasury all the funds at once, the legislation gives the Treasury \$250 billion immediately and then requires the President to certify that additional funds are needed. Congress will have the power to deny those funds.

After we weather this crisis, and I am confident we can, I look forward to working with my colleagues in the Congress to improve the regulatory structures that govern our financial system. As this crisis makes abundantly clear, many of our regulations to deal with financial markets are outdated. It is also important that we prosecute any corporation or individual who broke the law and contributed to this mess to the full extent possible. We must never find ourselves in this situation again and never again place American taxpayers and their livelihoods at risk.

Thank you, Mr. President. I yield the floor.