

Statement of Rep. Henry A. Waxman
H.R. 3997, the Emergency Economic Stabilization Act
September 29, 2008

Mr. Chairman, I rise today in reluctant support of H.R. 3997, the Emergency Economic Stabilization Act.

This is an easy bill to vote against. It was presented to us by a Republican President and Republican Administration so blinded by their ideology of deregulation that it kept them from preventing this crisis. This is a Republican bill which must pass with bipartisan votes. Many Democrats don't like it. Many Republicans are choking on it.

But for now, it would be irresponsible to do nothing and I will vote for this bill.

Our economy has been imperiled by a combination of runaway greed on Wall Street and stunning indifference to oversight and regulation from Washington. It is fundamentally unfair that the taxpayers are being asked to pay \$700 billion to bailout Wall Street, while the executives who made the reckless investments can walk away with millions. Yet that is what the Administration asked us to do.

Because of the masterful work of Chairman Barney Frank and others, this bill is much improved. Some of the worst elements of the Administration's plan have been modified. But at its core, what we are voting on is the Bush bailout plan.

In essence, the Administration has forced us to choose between adopting their plan or doing nothing. This is a Hobson's choice.

I would have preferred that we take a different approach. Nobel Prize economists have recommended alternative approaches. A broad range of economists have urged the Administration and Congress to take more time and to consider alternatives that would put less burden on the taxpayers.

But the Bush Administration has been adamant that Congress adopt its approach. They have steadfastly resisted considering other options to protect the taxpayer.

I have reluctantly decided to vote for the plan, but I do so only because the alternative of doing nothing is worse. Even the economists who question the structure and effectiveness of the Administration's proposal say that doing nothing would imperil our economy. That is a risk we should not take.

We urgently need to enact comprehensive reform of our financial markets. That is why the Oversight Committee will be conducting a series of hearings starting next week to examine what went wrong and who should be held accountable. These hearings will help provide all members with a roadmap to the reforms we will need to place into law under the next Administration.

I want to comment specifically on the provisions in the bill which ensure that the Government Accountability Office will have adequate access to documents and persons involved

in the Troubled Asset Relief Program (TARP). As the chair of the committee with jurisdiction over GAO, I was involved in writing this important language.

GAO oversight is a critical component in ensuring the \$700 billion is spent wisely and responsibly. To do its important job, GAO will need broad access to information. The legislative language reflects this by providing GAO with access to “any information, data, schedules, books, accounts, financial records, reports, files, electronic communication, or other papers, things, or property belonging to or in use by the TARP, or any vehicles established by the Secretary under this Act, and to the officers, directors, employees, independent public accountants, financial advisors, and other agents and representatives of the TARP ... or any such vehicle at such reasonable time as the Comptroller may request.”

This right of access covers both papers and people. GAO has a right to review any documents and communications that relate to the financial rescue program, regardless of whether they are federal records or the records of contractors hired to help run the program. Equally important, the language gives GAO the right to interview the federal officials and the private accountants, advisors, and others who are involved in administering the program. The transactions envisioned by the Act are going to be complex by their very nature. To understand these complex transactions, GAO will need direct access to the individuals most knowledgeable about the program, and this legislation gives them this right.

The legislation provides that GAO’s access is provided “to the extent otherwise consistent with law.” This phrase ensures that where the rights of access provided by this legislation overlap with existing rights of access, they should be applied consistently. A good example involves GAO’s right to enforce its right of access to federal records. Another provision of law, 31 U.S.C. 716, spells out in detail the steps GAO must take to enforce its right to documents. In the event of a conflict with the Treasury Department over access to documents, GAO should use its existing authority under section 716 to enforce its right of access.

In some important respects, the GAO language in this bill goes beyond existing law. For example, it gives GAO rights to interview federal officials that GAO does not have under other laws. These new rights are being extended to GAO because of the importance of GAO oversight to the success of this unprecedented intervention in the markets.

This is not an easy vote for any member, and it is not an easy vote for me. But in the end, we cannot let our anger at the excesses on Wall Street lead us to reject a bill that could avoid a calamity for Main Street. That is why I am going to support this legislation.