

Congress recently passed legislation to help stabilize the economy and avert the collapse of our financial system. I voted for this legislation because the harmful effects of the credit crisis on all North Carolinians were too great for the federal government to sit on the sidelines.

Following the failure of Lehman Brothers, the federal takeover of Fannie Mae and Freddie Mac, and the rescue of AIG in September, Treasury Secretary Henry Paulson came to Congress to warn of an impending, wholesale financial meltdown and to seek congressional action to stave it off. He requested what amounted to a blank check for \$700 billion to purchase mortgage backed securities and stabilize the markets.

I had no interest in "bailing out" Wall Street firms and business leaders who speculated recklessly, endangered our country's consumers and homebuyers, and resisted regulation that would protect the public interest. My concern was and is for Main Street - for the people depending on a sound economy and the availability of credit to buy a house or car, to run their business and meet payroll, and to save for college and retirement. Like it or not, we are all in this together, and the financial crisis threatened the entire economy, including the individual financial well-being of every American.

Based on events on the ground – including the collapse of Wachovia Bank, a North Carolina mainstay for generations, and Wake County's decision to cancel a \$472 million school construction bond issue because of high servicing costs – I was compelled to take the dire warnings of economic analysts very seriously. I could not, however, support the Bush Administration's request for a blank check. I thus became part of the intensive discussions to rewrite the Treasury plan in several critical respects. The final package initially failed in the House, but after some additional modifications in the Senate and further turmoil in the stock market, it garnered the votes needed to pass the House as well. The final package:

- Increases the federal depository insurance limit on individual accounts to \$250,000;
- Provides strict independent oversight and accountability for all activities undertaken by the US Treasury;
- Releases the \$700 billion in installments, with multiple reviews along the way;
- Makes certain that the entire \$700 billion is recaptured by the Treasury and thus by the American taxpayer, by requiring that taxpayers share in any profits resulting from the government's help and providing for assessment of the financial industry for any remaining losses;
- Forbids "golden parachutes" and limits other compensation for executives of participating financial institutions;

- Requires the government to work with participating institutions and loan servicers to help deserving homeowners negotiate reasonable repayment terms and stay in their homes.
- Since passage of the law, and the Treasury's move to invest directly in banks to revive lending, there are some promising signs that liquidity is returning to the markets. But we are not out of the woods by any means. If anything, the impact of the financial meltdown on the broader economy is becoming more and more clear, with continued losses and volatility in the stock market and rising unemployment. In our own state, for example, the jobless rate stands at 7%, up nearly 2.5% from one year ago. The financial market recovery legislation must be the first step in addressing a broader economic crisis.

Having put out the fire, we need to expose and punish the arsonists. The next Congress will need to monitor administration of the rescue plan and develop the kind of oversight mechanisms and regulatory architecture needed to ensure this type of financial crisis is never repeated.

In addition, we must not equate rescue with recovery. At a minimum, we must extend the eligibility period for unemployment benefits so that Americans who have lost their jobs have a safety net. We also need a second stimulus package and concerted attention to a long-term economic strategy which promotes infrastructure development, education and training, research, and green jobs.

The economic well-being of the American people will continue to be my top priority in Congress. The steps that have been taken are a start, but Congress and the Administration will need to continue to work together to revitalize the economy and provide relief to Americans who are struggling in this economic downturn.

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