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Dear Constituent,

Thank you for taking the time to email me regarding the Economic Stimulus Package. This has been a difficult vote and the center focus of a difficult time for our country.

When Secretary Paulson announced on September 19th that the economy was in dire straits, and that this package would go a long way in averting a financial catastrophe, he essentially established Washington as the owner of this problem. This deal has been shaky from the start since the federal government's track record of turning economies around with dollars is somewhat dubious.

I along with other Members of Congress and the public was shocked to learn that Secretary Paulson had known about this impending problem for over a year but chose neither to address the problem nor present a solution until the week prior to Congress' adjournment.

Secondly, I was outraged that we raised expectations so high that failure to act within a week would have a devastating effect on the market, and plunge our economy into a recession. This only caused panic and more public uncertainty.

Finally, I, along with other member of congress, sought solutions and alternatives which for the most part were rejected by Secretary Paulson.

My primary reasons for opposing Secretary Paulson's plan are as follows:

- The price tag. Secretary Paulson's plan is not just $700 billion. We have already spent $131 billion on the Economic Stimulus; $29 billion on Bear Stearns bailout; $200 billion on the Freddie Mac and Fannie Mae bailouts; and the $85 billion AIG bailout. These measures put the total price tag on this bailout at $1.145 Trillion, pushing our national debt to $11.3 trillion – which does not include Social Security, Medicare, or Medicaid. The excesses of one generation should not be passed onto the shoulders of the next generation in the form of debt.

- There is no long-term reform included in this bill. Creating a "real estate czar", who buys up bad properties, only treats the symptoms of the problem, not the causes. The consensus has been that government policies created this crisis by encouraging sub-prime, low and no-document loans, and other politically pleasing loans that caused artificial growth in the housing market and construction market. Now the bubble has burst, yet none of these policies are reformed in the bailout package.

- This package does not divide the good actors from the bad actors. Irresponsible behavior and bad judgment is punished in the market through corrections and competition, but this bill seeks to avoid that market process. For the owners of bad assets, the government becomes the guaranteed buyer, and then sells them to a cash-rich purchaser at a lower price. In essence, the government will buy high and sell low. The people that will benefit from this, in many cases, will be the same people that benefited from Wall Street excesses. Meanwhile, community banks and prudent investors that played by the rules will continue to be short-changed.

One inequity for the American taxpayer is that foreign banks would be eligible for participation if they have a location in the United States or if they swap assets with a participating American bank.

A central bank or institution owned by foreign government would generally be excluded. However, the Treasury would also be required to coordinate with foreign financial authorities and central banks to establish similar programs in other countries, and to the extent that such foreign institutions lend money to American firms with troubled assets that have failed or defaulted, they would be made eligible.

From the beginning, Secretary Paulson resisted any changes to his proposal. And while the bill went from 3 pages to over 400, many changes and alternatives that I fought for were rejected. These alternatives are listed and explained on our website at http://kingston.house.gov/bailout.

However, I was pleased that some of the items I've fought for - including FDIC increase and community bank write-downs - did get added to the final bill. However, the final bill also included a long list of special interest earmarks within the tax provision section. These included:

- $192 million for Virgin Island and Puerto Rican Rum (Section 308)
- $33 million for corporations operating in American Samoa (Sec. 309)
- Mine Rescue Teams (Sec. 310)
- Mine Safety Equipment (Sec. 311)
- Domestic Production Activities in Puerto Rico (Sec. 312)
- Indian Tribes (Sec. 314, 315)
- Railroads (Sec. 316)
- Auto Racing Tracks (317)
- District of Columbia (Sec. 322)
- Wool Research (Sec. 325)

Also attached to the Bailout Bill are major changes to our national health care policies with mental health parity legislation. While this issue deserves debate and Congress's attention, it has nothing to do with the current economic crisis.

Finally, the core problem of this bill is a huge government injection into the market or as many have said it rewards privatized profits with socialized losses. We have yet to whether this socialization of private mortgages backed securities will be temporary or long term see.

Now that the bill has passed, Secretary Paulson has three and half months remaining to get started on the bailout process; then a new Secretary of Treasury - currently unknown to the American public - will take over. This new Secretary will have enormous money and power at his disposal and the whole policy may be radically changed in the next Congress.

Therefore, I will keep this issue a top priority and I will continue to fight to protect taxpayer dollars and our free market principles. Thank you again for contacting me, and I invite you to stay current on the latest information on my website, http://kingston.house.gov/.

Sincerely,

Jack Kingston
Member of Congress