

CONGRESSIONAL OVERSIGHT & ACTION ON THE ECONOMY

America's families and businesses are facing an economic crisis, and the New Direction Congress is fighting for real solutions to rebuild our economy, create good-paying jobs here at home, make us more competitive in the 21st century global economy, and promote consumer and investor confidence.



OVERSIGHT OF ECONOMIC RESCUE PACKAGE AND NEED FOR ACTION ON HOUSING CRISIS

- October 7: Speaker Pelosi wrote Secretary Paulson expressing concerns with the interim guidelines released by Treasury for the hiring of contractors, which did not adequately ensure that conflicts of interest would be averted.
- October 14: The Financial Services Committee under Chairman Barney Frank held a briefing with the GAO on **implementation of the oversight and conflict of interest requirements in the new economic rescue plan.**
- October 17: Speaker Pelosi sent a letter to Secretary Paulson urging him to send a clear signal to **financial institutions about to receive \$250 billion in capital infusions from the federal government that part of such capital should be used to relieve the credit crunch,** as intended by Congress and the Administration.
- October 22: The Judiciary Committee held a briefing on **home foreclosures and bankruptcy** in Boston.
- October 29: Speaker Pelosi and Leader Reid sent a letter calling on Secretary Paulson to **strengthen restrictions on golden parachutes for CEOs and top executives** in the newly devised portion of the financial rescue that injects capital into banks.
- October 28: Judiciary Committee Chairman Conyers and others sent a letter to DOJ and FBI raising **concerns about delays or lack of federal effort to investigate and prosecute mortgage fraud.**
- November 12: At the Financial Services Committee hearing, **Members encouraged the financial industry to alter the terms of more mortgages to allow people to stay in their homes** - focusing on mortgages that had been sold in packages to investors like pension funds, hedge funds and insurance companies.
- November 14: At the Oversight Subcommittee on Domestic Policy hearing on the TARP program, Chairman Kucinich said that **Treasury had "abdicated its responsibility" to stem the tide of home foreclosures.** Other lawmakers said Treasury is too focused on banks and not on consumers. "This Administration wants to privatize Wall Street's gains and socialize Wall Street's losses," said Rep. Cummings.
- November 17: Democratic leaders called on the Treasury Department to **move swiftly to address the mortgage foreclosure crisis** at a meeting with Treasury Secretary Paulson and Federal Reserve Chairman Bernanke.
- November 18: The Financial Services Committee held an oversight hearing to **examine the Administration's failure to address the mortgage foreclosure crisis crippling our economy,** questioning Treasury Secretary Paulson, Federal Reserve Chairman Bernanke, and FDIC Chairwoman Bair about the implementation of the Emergency Economic Stabilization Act of 2008 and the lack of progress by the Administration to help Americans stay in their homes.
- November 20: House Financial Services Committee Chairman Frank sent a letter to Treasury Secretary Henry Paulson urging him to **immediately use funds authorized by TARP legislation to help stem foreclosures,** stating "We cannot afford to miss this opportunity to act."

- November 20: At the Small Business Committee hearing, Chairwoman Velazquez pressed the Federal Reserve and Treasury Department to take **swift action to help a growing number of businesses struggling to secure loans through the Small Business Administration (SBA)**. On November 25th, Federal Reserve and Treasury Department announced a new lending facility aimed at providing liquidity to the small business finance markets.
- December 2: The **first in a series of congressionally-mandated oversight reports by the Government Accountability Office (GAO) on the Troubled Asset Relief Program (TARP)** established in the economic rescue package revealed a number of problems with the program, including a lack of control over potential conflicts of interest and no way for Treasury to gauge the success of its efforts. Speaker Pelosi said: "The GAO's discouraging report makes clear that the Treasury Department's implementation of the TARP is insufficiently transparent and is not accountable to American taxpayers."



ORIGINS AND IMPACT OF THE FINANCIAL CRISIS

- October 6: At the Oversight and Government Reform Committee hearing on the regulatory mistakes and **financial excesses that led to the bankruptcy filing by Lehman Brothers**, it was found that just days before it collapsed as it was looking for a federal rescue, Lehman Brothers agreed to pay more than \$23 million to three executives leaving the firm.
- October 7: At the Oversight and Government Reform Committee hearing on the regulatory mistakes and **financial excesses that led to the government bailout of AIG**, it was found that only days after receiving tens of billions of dollars in government funds, executives of AIG took part in a \$440,000 company retreat.
- October 7: At the Education and Labor Committee hearing on the financial crisis impact on Americans' retirement security, **CBO director Orszag testified that \$2 trillion in retirement savings have been lost**.
- October 15: The Agriculture Committee under Chairman Collin Peterson held a hearing on the financial markets and the **growing use of unregulated swaps** that contributed to the downfall of AIG and Bear Stearns.
- October 22: At the Oversight and Government Reform Committee hearing on the **role of the credit rating agencies in the financial excesses on Wall Street**, it was revealed that executives at the leading credit-rating companies had privately acknowledged they had created "a monster" with overly optimistic assessments of risky mortgage-backed securities, which helped fuel the financial meltdown.
- October 22: The Education and Labor Committee held a San Francisco field hearing on the **impact of the financial crisis on retirement security**. The federal agency that guarantees pensions has lost \$2.1 billion on investments this year, raising serious concerns about the impact of the financial crisis on retirement security.
- October 23: At the Oversight and Government Reform Committee hearing on federal regulation of financial markets, **former Fed Chairman Alan Greenspan admitted that he "made a mistake"** in trusting that free markets could regulate themselves without government oversight.
- November 13: At the Oversight and Government Reform Committee hearing on the role of hedge funds in the financial markets, **hedge fund managers said they would support new rules** requiring their industry, controlling nearly \$2 trillion, to become more transparent.
- November 20: At an Agriculture Committee hearing on credit default swaps, Chairman Peterson said, "the next Congress will have to get to the root of the problem before it is too late and allow for some **real oversight of these markets, to provide transparency and accountability for both buyers and sellers, and to reduce systemic risk.**"



ECONOMIC RECOVERY

- October 13: House Democratic Leadership held a **forum with leading economists** to help Congress develop an economic recovery plan to directly benefit Main Street by creating jobs and assisting struggling families.
- October 20: At a Budget Committee hearing, **Chairman Bernanke said that weakening economic conditions warrant a "consideration of a fiscal package by the Congress at this juncture."**
- October 24: At the Education and Labor Committee hearing on **the nation's severe unemployment outlook and strategies for job creation**, economists testified that rebuilding infrastructure would create jobs.
- October 27: During a House Democratic Leadership conference call, **leading economists urged Congress to pass an economic recovery package soon** to create jobs and lessen the severity of an economic downturn.
- October 28: At a Small Business Committee hearing, Rep. Velazquez released a report stating, "While current circumstances may be different from those in the past, the blueprint for recovery remains the same. More jobs, and greater economic growth--that's the formula we need, and that's the formula small businesses can provide."
- October 29: At a Ways and Means Committee hearing, **governors and experts testified that Congressional action is needed to stave off deep cuts in health care, education and public safety.** "States didn't cause this crisis and we shouldn't be left to deal with it alone," said Gov. Patterson of New York.
- October 29: At a Transportation and Infrastructure Committee hearing, **experts testified that investing in rebuilding America would create good-paying jobs and make us more competitive.** The Association of State Highway and Transportation Officials testified that over 3,000 highway projects could be under construction within 90 days.
- October 30: At a Joint Economic Committee hearing, NYU economist Roubin testified "**This fiscal stimulus should be voted on and spent as soon as possible.**" The JEC released a report showing the prospect for a consumer-led recovery is highly unlikely and making the case for an economic recovery and job creation package for Main Street.
- November 12: At the Energy and Commerce Subcommittee on Health hearing, **experts testified that a boost in federal aid to states for health care programs could help kick-start the U.S. economy** where consumer and business demand has fallen dramatically.
- November 21: After opposing the House-passed legislation to extend unemployment benefits, the President finally signed an **extension of unemployment benefits that will speed benefits for 2 million workers looking for jobs.**
- December 1: Speaker Pelosi met with Governors Ed Rendell (D-PA) and Jim Douglas (R-VT) - chairman and vice chairman of the National Governors Association (NGA) - to discuss the need for an **economic recovery and job creation package that can be ready for President-elect Obama to sign shortly after his inauguration.**
- December 1: Speaker Pelosi raised with President Bush the prospect of immediate action to provide **emergency food assistance to millions of Americans, along with aid to states for critical health care services.**
- December 3: Leaders in Congress and President-elect Barack Obama continue to work on an **economic recovery and job creation plan to create or save 2.5 million jobs in the next two years and lay the groundwork for a more energy-efficient economy.**



REQUIRING A PLAN FOR VIABILITY FROM AMERICAN AUTO COMPANIES

- November 8: Speaker Pelosi and Leader Reid sent a letter to Secretary Paulson calling on him to review the feasibility of using the authority given under the Emergency Economic Stabilization Act (EESA) to **provide temporary assistance to the automobile industry during this financial crisis.**
- November 11: Speaker Pelosi called for immediate action by the Bush Administration and Congress on legislation to help protect 1 in 10 American jobs by providing loans to the auto industry saying, “[the failure of one or more of the Detroit automakers] would have a devastating impact on our economy...It is essential for the domestic automobile manufacturing industry to re-emerge as a global, competitive leader in fuel efficiency and in new, path-breaking energy-efficient technologies that protect our environment.”
- November 19: The Financial Services Committee heard from the heads of the Big Three auto companies -- **General Motors, Chrysler, and Ford -- on providing financial assistance to the automobile industry during this economic crisis.**
- November 20: Speaker Pelosi and Leader Reid insisted that the automakers provide to Congress detailed credible restructuring plans that result in a viable industry, producing fuel-efficient cars with the latest technology, with quality jobs **while protecting taxpayer investments** by December 2nd.
- December 4 and 5: The Senate Banking Committee and House Financial Services Committee held hearings on the required restructuring plans submitted by the auto companies and the **conditions under which financial assistance could be provided, with testimony from the Big Three auto companies**, the Government Accountability Office (GAO), the United Auto Workers Union (UAW) and other experts.
- December 4: Speaker Pelosi, Leader Reid, and Chairmen Frank and Dodd sent a **letter to the President calling on him to provide limited, temporary assistance to the automobile industry through the Administration’s authority under the Troubled Assets Relief Program** of the economic rescue plan.



HEARINGS THIS WEEK

- December 8: The House Agriculture Committee, under Chairman Peterson, will hold a hearing to review the **role of credit derivatives in the U.S. economy.**
- December 9: The Select Committee on Energy Independence and Global Warming, under Chairman Markey, will hold a hearing on the **energy independence implications of the auto assistance proposal.**
- December 9: The Oversight and Government Reform Committee, under Chairman Waxman, will hold a hearing on **Fannie Mae and Freddie Mac** to examine their financial collapse.
- December 10: The Financial Services Committee will hold an oversight hearing on the **Treasury Department’s implementation of the Troubled Asset Relief Program (TARP)** of the economic rescue plan.