

## **Congressman Hodes' Opening Statement on Rescue Plan 09-24-08**

Chairman Frank, thank you for holding this hearing so that Congress can take a closer look at the proposal to rescue our financial markets and get answers from those who have put this proposal forward. This 3 page proposal giving the Treasury Department unfettered discretion to spend \$700 billion was sent to us less than a week ago by Treasury Secretary Paulson and Federal Reserve Chairman Ben Bernanke. The markets have reacted, but so have my constituents.

After years of Bush Administration regulators failing to use their authority to rein in bad lenders and poor financial practices, the markets are saddled with bad debt that threatens to sink our financial system and put our economy in serious trouble. This is a rushed proposal by regulators that failed us.

The systemic failure in the banking system is predicted to put every American's savings, investments and retirement security in jeopardy. While intervention of some sort may be necessary, I will not support putting billions of our tax dollars on the line without proper oversight and additional regulation. This intervention must not be used to give golden parachutes to Wall Street executives who made bad decisions. And, any package must include relief to middle class families who are struggling to pay their mortgage, and who may feel additional financial pressure during this difficult economic time.

Last summer, I questioned Federal Reserve Chairman Bernanke on the strength and state of our economy. The Chairman responded that the economy was on a good path even as many of the working families in my district were struggling.

For over a year I have been working the NH Banking Commissioner, Peter Hildreth, and the entire community affected by the credit crisis in New Hampshire by holding regular mortgage roundtable conversations with regulators, advocates and industry. These discussions allowed me to learn about the problems facing homeowners, consumer advocates, community banks and credit unions, Realtors and other members of the industry, as well as state and federal regulators in my district. I knew early on that this issue was going to hit the Granite State hard. By 2009, 4900 homeowners in New Hampshire are expected to have to go through foreclosure. That is more than double the rate of foreclosures last year.

Yesterday, September 23, 2008, the *Washington Post* reported some potential concerns about the proposed \$700 billion rescue package. The article reminded me that \$700 billion is not going to fall from the sky, but that the Treasury will very likely have to print more money to cover this cost which will definitely result in inflation. Inflation will cause prices to rise in an already tough economy for the families who live in my district. While I support a robust US economy, I cannot support a measure that will put this many

tax dollars at stake without proper oversight, scrutiny and regulation and allow executives to walk away with massive severance packages.

In article in *Roll Call* yesterday, the White House Deputy Press Secretary Tony Fratto “insisted that the plan was not slapped together and had been drawn up as a contingency over previous months and weeks by administration officials. He acknowledged lawmakers were getting only days to peruse it, but he said this should be enough.” If the Bush Administration wanted to work in a collaborative way with Congress, why did they not share the plan with us sooner? It is incomprehensible to me that they did not work with you, Chairman Frank, or your counter part in Senate. There must be alternatives to this plan and I urge careful consideration of any plan before we move forward.

I look forward to the statements of Treasury Secretary Paulson and Federal Reserve Chairman Bernanke's testimony today and hope that this hearing will shed some light on the many existing questions that both my colleagues and I still have.