

WASHINGTON, DC – Rep. Mike Honda released the following statement after the U.S. House of Representatives approved the “Economic Rescue Plan/Tax Extender Package.”

“I thank all of my colleagues who supported this vital rescue package for our nation’s economy. The 263-171 vote today was one of necessity, not one of choice, and reflects Congress’ commitment to lead our country out of an economic morass that is devouring jobs and the livelihoods of millions of hardworking Americans.

“The urgency of the situation required that we not make perfection the enemy of the good. H.R. 1424 is a much better plan than the one the Bush Administration sent to Congress more than two weeks ago, a mere three-page outline requesting a blank check for \$700 billion. Our leadership in both chambers negotiated a much better package and further improved it this week.

“I voted for this package because it enables the software entrepreneur in Cupertino to make payroll and the Gilroy farmer should be able to purchase seed. This package reinvests to stabilize our economy and insulates Main Street from the troubles on Wall Street; it reimburses the taxpayers, requiring a plan to guarantee they will be repaid in full; and it reforms how business is done on Wall Street --no more golden parachutes and sweeping oversight.

“On Monday, after the first package failed, it became painfully clear this was not just about Wall Street firms. The Dow Jones had one of its largest drops in history, wiping out \$1.2 trillion in investments, pensions and nest eggs of ordinary Americans on Main Street.

“That was only a small indication of the consequences of inaction. The credit crunch is hitting all sectors of our economy. As California State Treasurer Bill Lockyer warned, the freeze in the credit market is even chilling the state, which is running out of cash. Utilities that are constructing new facilities are having difficulty getting credit, which will either lead to energy shortages or to rate increases. And because banks are not extending loans, consumers are not able to purchase cars. This week Ford reported a 35 percent drop in sales. Many working class Americans in the automotive industry are at risk of losing their jobs. In September alone, our economy lost 159,000 jobs. We needed to stop the bleeding.

“This improved version of the rescue package will:

- * Limit excessive compensation to the executives of companies that participate. There will be no multi-million dollar golden parachutes for the top five executives, and bonuses paid to executives who made false or inaccurate promises will be recovered;

- * Protect taxpayers, requiring a plan for them to be repaid in full. It gives taxpayers a share of

the profits of participating companies, or puts taxpayers first in line to recover assets if a company fails. It also requires the President to submit a plan to ensure taxpayers are repaid in full, with Wall Street making up any difference;

* Provide strong oversight and transparency. There will be four independent oversight entities or processes to protect the taxpayer. Some of those are a strong oversight board appointed by bipartisan leaders of Congress and an independent Inspector General to Monitor the Treasury Secretary's decisions. Also, transactions will be posted online for the American public can monitor the use of their money;

* Mitigate foreclosures by requiring a comprehensive plan for federal entities to work with servicers of mortgages to encourage loan modifications. As a holder of mortgage loans, Treasury is authorized to use its tools to prevent foreclosures.

"Our economy is like an ecosystem, everything is interconnected. Right now our financial systems are shutting on and off and almost everything is dependent on it: from the neighborhood grocery store, to the auto parts shop to the small graphics design company.

"No doubt, we should not have been here in the first place. I am furious at the Administration's negligence and the Russian roulette recklessness of lenders and investors who put us in this predicament.

"Many of them lobbied their friends in the Republican-controlled Congress and the White House to gut reasonable regulations. Government was a hindrance as long as they made profits hand over fist.

"When some states tried years ago to restrain predatory lending and an irresponsible mortgage industry, the Bush Administration stopped them because the 'market could regulate itself.'

"As people defaulted on loans the past couple of years, the value of all these investment instruments took a dive. They dragged everything else with them and household names such as Lehman Brothers and Bear Stearns imploded.

"This package will give us the tools to reverse course, but it was not all I wanted and what I believe is necessary to revive Main Street. One of those, H.R. 4135, would revive an FDR institution during the Great Depression called Home Owners' Loan Corporation (HOLC). HOLC would buy mortgages from lenders and then refinance loans to prevent foreclosures. This would have addressed the problem at the root. I also supported an economic stimulus package to invest in infrastructure and energy technologies for the future, which would create jobs and boost our economy in the long term. Unfortunately, the Senate failed to pass this important legislation.

"I am also pleased that the House is acting today to extend unemployment insurance, given the rising rate of unemployment. The extension would provide seven additional weeks of benefits for those whose unemployment insurance has run out, and 13 additional weeks for those in states (like California) with an unemployment rate higher than 6 percent. Without this important

extension of benefits, 800,000 Americans will lose their unemployment benefits in October.

“The crisis is not over, but today’s vote is a turning point. We will continue to work on sensible policies that not only stimulate our economy, but everyone in our economy. The era of an aloof government that allowed the markets to run wild around the china cabinet is over.”