United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 112th CONGRESS, FIRST SESSION

Vol. 157 WASHINGTON, THURSDAY, DECEMBER 15, 2011 No. 193

House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mrs. ELLMERS).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC.
December 15, 2011.

I hereby appoint the Honorable RENEE L. ELLMERS to act as Speaker pro tempore on this day.

JOHN A. BOEHNER,
Speaker of the House of Representatives.

MORNING-HOUR DEBATE

The SPEAKER pro tempore. Pursuant to the order of the House of January 5, 2011, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning-hour debate.

The Chair will alternate recognition between the parties, with each party limited to 1 hour and each Member other than the majority and minority leaders and the minority whip limited to 5 minutes each, but in no event shall debate continue beyond 11:50 a.m.

UNEQUAL BANKRUPTCY LAWS

The SPEAKER pro tempore. The Chair recognizes the gentleman from Oregon (Mr. BLUMENAUER) for 5 minutes.

Mr. BLUMENAUER. Madam Speaker, James Surowiecki outdid himself in the current issue of The New Yorker's financial page as he contrasted the decision of American Airlines to take bankruptcy versus the expectation of American business for how homeowners should behave. It wasn't that American Airlines couldn't pay its bills with its $4 billion in cash. It's just that it would be in a stronger position if it took advantage of the bankruptcy laws, where working with a bankruptcy judge, it could restructure union contracts, pension plans, and bank loans to its advantage.

For example, it's perfectly acceptable and legal for a judge to reset the current value of an asset and to permit loans with higher interest rates to be set at lower current market rate. Unfair as it may seem to people who made the loans, it was part of the principle of bankruptcy, to allow people to not be mired hopelessly in debt but to start again under existing market conditions. It's part of what keeps our economy vital, keeping people not tethered to mistakes of the past or bad luck, even if those mistakes were self-inflicted.

Contrast this with what business expects from the 25 percent of homeowners whose mortgages are underwater, where the financial institutions have argued about the responsibility of homeowners to avoid the stigma of defaulting, that it was their duty and obligation to pay, even if it was financially irrational and extraordinarily difficult. He pointed out that the Mortgage Bankers Association, at the same time it was exhorting homeowners to hang in there and keep paying their loans even if their mortgage was underwater, that it walked away from a loan on its headquarters, sticking the lender with a $34 million loss on a short sale.

But he missed the real outrage: The expectation where homeowners, under bankruptcy, simply cannot do what American Airlines and other American businesses can do. Homeowners under law cannot take bankruptcy and have a judge reset the loan value of their residence to conform to what the current value is and to reduce the interest rates to reflect today's record low rates. That would have been the onerous ''cram-down provision'' so vigorously resisted by banks and financial institutions when we were discussing bankruptcy reform. Do as we say, not as we do.

As a result, we have what I think is truly an insane situation where a speculator could buy six units in a condominium building and have a bankruptcy judge reduce the loan's amount and interest rate on each one of the speculator's six units, but the poor soul who bought his unit just to live in it cannot have that same privilege.

If there was bankruptcy equality for homeowners, I don't think we ever would have had the financial bubble in the first place. You can bet that the masters of the universe that poured billions of dollars into securitized mortgage instruments would have been more careful if they knew that homeowners would have been treated the same way as businesses and could have had onerous provisions modified under bankruptcy.

This is one of the reasons why the Occupy Wall Street people are so outraged, this dual standard, telling homeowners to stay the course while large businesses don't, fighting for change of the law under the guise of reform which made it impossible for homeowners to be treated as well as speculators.

If some of our friends on Wall Street are perplexed about the frustration and the outrage, they might look in the mirror. Maybe, just maybe, this is something that the Occupy Wall Street and Tea Party advocates can agree upon.

BILL OF RIGHTS' 220TH ANNIVERSARY

The SPEAKER pro tempore. The Chair recognizes the gentleman from Georgia (Mr. BROUN) for 5 minutes.

Mr. BROUN of Georgia. Madam Speaker, today I rise to commemorate the 220th anniversary of the adoption of the Bill of Rights to our U.S. Constitution. Some of our most basic freedoms and governing principles are laid

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