



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 110th CONGRESS, SECOND SESSION

House of Representatives

HON. THADDEUS G. McCOTTER
OF MICHIGAN
HOUSE OF REPRESENTATIVES
HOUSE FINANCIAL SERVICES COMMITTEE
November 19, 2008

REP. FRANK: (Strikes gavel.) The gentleman from Michigan, Mr. McCotter, is now recognized by members of the Committee for a combined opening statement and questions.

REP. THADDEUS MCCOTTER (R-MI): I thank the chairman. Thank you for your indulgence, and I will have an opening statement and some questions, and I'll try not to take up too much time. And if I cover ground that you already have, please feel free to disregard it and put in your own points.

I come from Michigan's 11th District. My district borders Detroit. Heavy automotive industry. Lot of dealers, lot of suppliers, lot of white collar, lot of blue-collar employees.

One of the first things I would like to make clear that I personally find offensive is the implication that the domestic American auto industry has not done anything since the 1970s to restructure.

If anyone believes that the Big Three were not restructuring prior to the credit crisis bringing them here today, or the CAFE mandates that have brought them here today, I invite you to my district.

I invite you to look at how the fragile fabric of people's lives has been rendered asunder by a necessary restructuring process that has involved give and take on both sides, from labor and management.

I will show you the white-collar workers that are out of work. I will show you the blue-collar workers that are out of work. I will show you the pensioners that are worried about their health retirement benefits being lost. And I will show you the Wixom Assembly Plant that is closed.

I bring this up not for your pity for my constituents. I bring this up to show you that the automotive companies and the UAW have been doing what they believe they possibly can to restructure and become globally competitive and ensure that America has a domestic manufacturing base for the generations to come.

The second point I wish to bring up is why they're here. Throughout the entire process of the restructuring, we would hear rumors in Washington that the Big Three were coming for a federal assistance package, for one reason or another. And yet, as the white-collar workforce and the blue-collar workforce and the pensioners suffered the restructuring, they did not come.

They did not come to Washington with their hands out. They were not here begging, as it has been pejoratively put in the press. They wanted to restructure, without us making it harder for them to do so.

Unfortunately, the first thing we did as Congress was we passed a \$100 billion CAFE-standard mandate on the auto industry, which would have been far worse had it not been for the strenuous efforts of the dean of the United States Congress, John Dingell.

Secondly, through no fault of their own, as they went through the restructuring process, the whiz kids on Wall Street, with their computer algorithms, decided to screw up the entire credit market of the United States. This was critical to the restructuring of the auto industry.

And then this Congress, in my opinion, passed a very bad piece of legislation, a \$700 billion bailout of the very people on Wall Street who caused the problem. And now you see hundreds of billions of dollars slated to go to, quote-unquote, "healthy banks" to free up the credit system -- that has yet to free up, or they would not be here today.

So the question that the chairman puts before us in terms of the legislation he is proposing is to me not a matter of a bad policy that has already been imposed on the American people and has yet to work. It becomes a question of equity.

If the \$25 billion is appropriated for Wall Street -- some of it probably targeted to healthy institutions, financial institutions, however nebulously defined -- a no-vote on a bridge loan to the auto industry means that that 25 billion (dollars) will continue to go to Wall Street and to healthy banks.

A yes vote means that it actually goes to Main Street, not just for the structure of the Big Three, the labor leaders, the auto leaders, but for the very hard-working men and people whose taxes have gone into the \$700 billion bailout, which has yet to free up the credit markets.

So we are in the realm of equity here. And while I did not support that bad policy, we had here yesterday Secretary Paulson, who explained that he believed one of the fundamental problems that we face in stabilizing our financial system is the problem with home foreclosures.

I would agree with that. I would agree that the biggest problem we have are real working people's ability to pay to stay in the homes that they have.

If we turn our back on Main Street, if we continue to send all the money to Wall Street, who caused the problem, and the auto industry does have to go into bankruptcy, you will see foreclosure rates in this country skyrocket from people who have played by the rules and are currently paying their mortgages and are not part of the problem that Mr. Paulson says is already big enough to be worthy of addressing.

Finally, I want to issue -- address the issue of labor costs. I have long said that one of the problems Michigan suffers is the fact that we are currently still operating under the industrial welfare model of governance. And this is where the Big Three and the UAW get a very bad rap.

They talk about, quote, "shedding labor costs" that have been duly negotiated, because it makes them uncompetitive. My response to that is, where do those labor costs go?

The traditional model of governance throughout the 20th century of the United States, because we were an industrial power, was that business would pick up some of the benefits of employees and

government would pick up some of the social needs of employees. And there was always the tension as to which would do what, but you had two pillars to help undergird American prosperity.

As we move into what people call the new global economy, the post-industrial economy, my question is this: If the business entities, in negotiation with labor entities, decide that they can no longer be competitive with these "labor costs," quote-unquote, where do those go?

They're going to go to the federal government. And so we have another instance where we can be penny wise and pound foolish, and we can say we're not sending a \$25 billion loan to help the auto industry survive, and we can let real human beings go into the process of bankruptcy and watch the stresses and strains on their families as they endure that pain.

And you will not have saved the American taxpayers anything, because the pension costs will be picked up somewhere from the retirees who were cheated out of a lifetime of hard work.

You will see the healthcare costs of hard working people that they have enjoyed because of the fruit of their labor put into the federal system. And you will see prosperity throughout the Midwest and the rest of the country crash and you won't have enough worker retraining money to take care of their needs.

And finally, for some of my more conservative friends, I point this out: if America does not have a manufacturing base, a manufacturing base which some may think is not necessary in this new global world, the United States will cease to be able to defend itself. We will be reliant on other nations for the innovative technologies, not only their creation but their provision, from friendly nations such as communist China and others, and the arsenal of democracy in our lifetime will have been dismantled in a time of war.

In the end, this issue is even larger than the Big Three, in many ways larger than the economy. It is what type of nation do we become. Do we become a nation that no longer produces wealth, that no longer has a path to middle class prosperity? Do we remain the America we inherited? Or do we just let it go and watch real people suffer in the process?

And my answer is no. Now if you can find a question in there, my hat's off to you. Thank you. (Applause.)

REP. FRANK: (Strikes gavel.) Now it is to be long enough without that stuff.