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## Congress of the United States

### House of Representatives

October 1, 2008

**Committee On Appropriations**  
Ranking Member, Agriculture Subcommittee  
Defense Subcommittee

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Dear Constituent,

Thank you for your interest in the Bailout Bill and my position on this important issue. As you may know, the bill failed on the House floor on September 29, 2008. I voted against this bill – not because I believe we should do nothing, but because I do not think we should hastily pass a \$700 billion bill which designates unprecedented powers to one man.

I strongly disagree with recent news reports that peg this bill's failure on House Republicans. Even though there were 65 Republican YES votes (along with 95 Democrat NO votes), the Majority party always has the votes to pass any legislation without minority support. When Republicans were in the Majority and I was in Leadership, we never let a bill come to the floor without counting our votes ahead of time. It's standard procedure IF you want something to pass - the majority party has the duty to govern, not just to posture. The truth is that the Bailout Bill failed because most Representatives - Republicans and Democrats - felt that this was the wrong solution to our financial crisis.

Wall Street, and the other businesses involved, cannot skirt any share of the blame. It is true that Washington allowed and encouraged risky sub prime, no document and low document lending, but the financial world made lots of money on the deal even when sound business judgment was thrown out the door. That's why the thousands of calls to Congressional offices – Democrat and Republican - ran 10 to 1 against "bailing out Wall Street." I do not fully share this perspective as I know the ripple effect of losing trust in the market is extremely serious – even to the constituent not directly involved in the market. But let's admit, before recent developments, no one on Wall Street was calling for reform. In fact in 2003, when President Bush called for Fannie Mae and Freddie Mac reform, the opposition from finance, home builders, and realtors decisively crushed the proposal. For more information, visit [www.opensecrets.org/news/2008/09/update-fannie-mae-and-freddie.htm](http://www.opensecrets.org/news/2008/09/update-fannie-mae-and-freddie.htm).

For more than a week, I have sat in a variety of meetings with the brightest minds in the financial and economic industry. Every economist has a different prediction and solution. There are some Members of Congress with finance back grounds - but only a handful. In a mere eight days we have all attempted to reach a graduate level of understanding.

The Bill that failed on Monday has been problematic from the beginning. Secretary Paulson and the Treasury have said they knew about this fiscal meltdown over a year ago. Why didn't they warn us or introduce corrective measures any time in the last year? Instead, in a conference call on September 19th, Secretary Paulson first announced this impending crisis. He told Members that in addition to the meltdown, the market was going to tailspin on Monday, September 22nd, and that only a \$700 billion infusion would stop it. Paulson drafted a three page bill that gave him - in the 4 months he has left in the Administration - unprecedented powers to influence and alter the credit markets.

Confidence in Secretary Paulson is fading. This past year Paulson told us the \$29 billion Bear Sterns, the \$85 billion AIG, and the \$200 billion Fannie/Freddie bailouts would stop the market downturn. But along with the \$131 billion stimulus package, he was wrong. We now have little confidence in him.

Further, Secretary Paulson's package did not address many of the issues Democrats and Republicans felt strongly about - mark to market reform, net worth certificates, reform of Credit Rating Agencies, Fannie/Freddie and Community Reinvestment Act reform along with other proposals bankers large and small were telling us needed to be addressed.

As I said, Members of Congress are not financial experts. We have to shift from Agriculture to Military to Education to Health Care every day. To ask Congress to pass a \$700 billion bill without substantive and informative committee hearings, without amendments or substitutes, generally ends in a hasty hap-hazard mess. This happened not too long ago, with \$120 billion in Hurricane Katrina aid.

Finally, I remain gravely concerned for the next generation. As a father of four, I believe that the excesses of today's government should not be shouldered in the form of debt by our children. We are already facing a massive financial crisis with Social Security, Medicare, Medicaid and many of other unfunded liabilities which they will be inheriting. America's financial house is out of order and this vote is one part of a big picture of difficulties.

There is a grave misperception that our financial crisis doesn't extend beyond Wall Street. In fact, it extends beyond Wall Street, past Main Street, and eventually to every American. The failure of these large investment banks will impact our smaller, community banks and severely restrict their ability to issue loans to average citizens. It will become extremely difficult to secure a loan for a new car, a home or a college education. Credit card interest rates will increase while credit limits will decrease, slowing consumer spending and jeopardizing jobs. Throwing more money at this problem will only work for a short time, and then we'll find ourselves in even worse shape than before.

The Bailout vote was not saying "NO" to doing anything, but a resounding refusal to spend our way out of a crisis. What we need is a Work-Out, not a Bail-Out. We must look further and weigh alternative options to rescuing the financial markets. This fiscal crisis is not going to just affect Wall Street; it will eventually affect all Americans. For the economic security and financial strength of every citizen, Congress will look at other bailout proposals this week and continue to seek a Work-Out instead of a Bail-Out.

Thanks again for your interest. I hope you find this webpage useful and that you will take the time to let me know where you stand and what, if anything, you'd like to see in a final bill. You may do so by directing your browser to <http://kingston.house.gov/contact>, or by calling, faxing, or writing to one of my office. I look forward to hearing from you.

Sincerely,



Jack Kingston  
Member of Congress