



U.S. REPRESENTATIVE · 4TH CONGRESSIONAL DISTRICT · OREGON

PETER DEFAZIO

REPORTS

Congress of the United States
House of Representatives

April, 2009

Dear Friend,

In February, I visited the state employment office in Eugene to talk to the men and women waiting for service. I learned a lot about their challenges and needs. There was a married couple who were both out of work but getting retrained. There were many people who were only 5-10 years from retirement trying to start over in a new field. Average citizens who had worked 20-30 years as skilled workers and never imagined they would need public assistance. They talked about what they are doing to survive these difficult times and how they hope to bounce back. They spoke about their frustrations too.

I share their frustration. American workers are some of the most productive in the world, but the economy tanked despite their hard work. Deregulated Wall Street and deregulated markets have destroyed the real world economy for millions of Americans. Their jobs are gone. They have no health insurance, no pensions, and dim employment prospects. (page 2.)

As the economy continues to hemorrhage jobs, it is clear that putting Americans to work is the best stimulus for the economy. I voted against the recently passed economic stimulus package because it cut funding for investments in infrastructure and education in order to make way for \$325 billion in tax cuts that will do little to put our nation on the road to economic recovery. Although longer term investments were cut to make way for tax cuts and dubious spending programs, it does include funding for a variety of important programs for Oregonians. (See article below for more information about stimulus funding).

Last fall, I led the opposition to the Bush Administration's proposal to bail out Wall Street. Hundreds of billions were borrowed and showered on Wall Street while nothing was done to fix the real economy - leaving millions of hard working Americans struggling to hang on to their home, job, or small business. I offered an alternative that could have fixed the regulatory problems and would have required Wall Street, rather than the taxpayers, to pay for the bailout (page 3).

In addition to the economic challenges, President Obama has laid out an aggressive agenda for the next few years. He has called on Congress to tackle the cost and availability of health care, energy independence and climate change, tax fairness, and restore fiscal responsibility. Jobs and the economy must remain at the top of the agenda, but these and other daunting challenges cannot be ignored any longer if we want to put our nation on a path to long-term stability and prosperity (see pages 3 and 4 for more details).

On the last page is information on the April town hall meeting schedule for the northern half of the district. In the summer, there will be town hall meetings on the coast and in the southern half of the district. Meanwhile, if you need help with a federal agency or federal benefit please call 1-800-944-9603.

Resources To Help You Get Through This Recession

The unemployment rate in Oregon is almost 11 percent, nearly double the rate a year ago. More Oregonians were out of work in January than at any time since World War II. Locally, Lane County's unemployment is at 12.8 percent and Douglas County's unemployment rate is 18 percent, the highest in over 26 years.

I supported the President's original objective of a timely, targeted, and temporary stimulus bill to put people back to work and jump-start the economy. The American Recovery and Reinvestment Act (ARRA) recently approved by Congress fell woefully short of those goals, so I voted no.

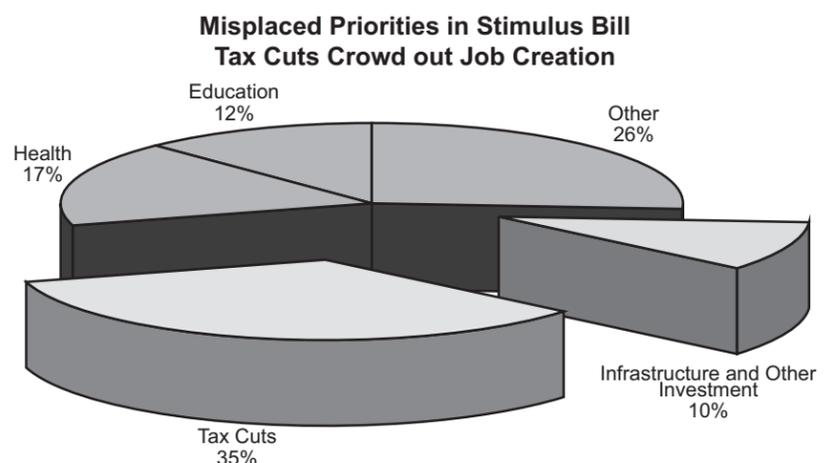
Instead of a jobs bill, the ARRA was larded with tax cuts like accelerated depreciation and the alternative minimum tax (AMT). In theory, accelerated depreciation makes it easier for corporations to invest in new equipment. However, when the Bush Administration enacted accelerated depreciation to stimulate the economy, studies found investment by 275 of America's largest corporations actually fell by 15 percent. The inclusion of the AMT fix will cost \$80 billion and provide zero stimulus to our economy.

Every penny of the \$789 billion "stimulus" is borrowed money. How can you justify borrowing money for infrastructure investments to build projects that benefit future generations, but not for tax cuts? Tax cuts won't put people back to work or rebuild our crumbling bridges, highways, or schools. Tax cuts provide only limited relief for working families and little economic stimulus.

Despite these objections to the American Recovery and Reinvestment Act, it has some benefits for Oregonians. The act provides additional unemployment insurance, higher levels of college aid, and limited help with health insurance for the unemployed, among others. A comprehensive guide for individuals and potential grant applicants has been posted here:

www.defazio.house.gov/ORguide

If you do not have access to a computer, please call one of the numbers that can be found on page 4 for a copy.



Continued from Page 1

Health care: If you lost your job after September 1, 2008, and had employer provided health insurance, the federal government will pay 65 percent of your COBRA premium costs for up to nine months. Contact your former employer to enroll or for more information call the Department of Labor at 1-866-4-USA-DOL.

Energy Home Improvement Tax Credits: New tax credits can help you save up to 30 percent on the price of installing energy efficient qualified windows, insulation, a heating system, or water heater for your house. Combining the tax credit with the money saved on utility bills will make a significant difference to your monthly budget. Visit www.EnergyStar.gov for more details.

Small Business Micro Loans: Small business owners in need of capital can access the innovative Small Business Micro Loan Program. This program received a significant boost of \$50 million to make more loans available for very small businesses. Loans up to \$35,000 are available from local non-profit lenders. Other types of small business loans were also expanded. Call the Oregon SBA District Office at (503) 326-2682 to learn more.

Veteran and Youth Employment Incentives: Local businesses may benefit from the expansion of the Work Opportunity Tax Credit that allows businesses to receive a tax credit worth up to \$2,400 for hiring unemployed veterans or youth. For more information, see IRS Form 5884 or call the IRS at 1-800-829-4933.

The stimulus act also provides expanded tax credits for families, and a one-time \$250 payment for individuals receiving social security or veteran disability, and additional unemployment insurance. If you qualify for benefits from any of these existing programs, you will get the stimulus benefit automatically.



Congressman DeFazio visits the state employment office in Eugene

Job Creation: One of the most important aspects of the law is job creation. I still believe the bill could have and should have done more. Billions of dollars were cut from transportation and other infrastructure investments to make way for tax cuts. There is, however, still some critical funding that will create thousands of jobs here in Oregon. For example, the stimulus bill makes a \$2.5 billion investment in public lands to deal with the large backlog of critically important projects including fuel reduction in our forests, rehabilitation of forest service roads, and replacement of failed culverts to protect salmon habitat. The Oregon Youth Employment Initiative will receive \$6.5 million to provide 1,500 youth after school and summer jobs working on various projects on federal lands. The Forest Service will also contract \$5 million worth of thinning and restoration projects in Douglas, Josephine, and Curry counties, creating jobs.

I led the Northwest delegation's efforts to secure \$3.25 billion in increased borrowing authority for Bonneville Power Administration (BPA). The funds will help build the infrastructure for BPA's renewable and energy efficiency projects, currently stalled by lack of capital and the frozen credit markets. BPA's increased borrowing authority will immediately create 1,000 construction jobs in the region and tens of thousands of jobs in the near future in the Pacific Northwest's renewable energy industry.

I also fought to secure significant funding in the bill for Oregon's highways and bridges, transit, rail, and clean water infrastructure that will provide needed investment, create jobs, and improve our long term economic viability.

What Happened?

The seeds that brought about the collapse of the financial markets were planted almost 30 years ago when Alfred Kahn, an economist under the Carter Administration, targeted the airline industry for deregulation. It all began innocently enough, but a quarter century of deregulation was capped by a deregulatory binge during the last eight years under the Bush Administration.

Until recent events unfolded, the most expensive taxpayer bailout in U.S. history stemmed from deregulation of the savings and loan industry. Despite the enormous cost of this deregulation scheme, Congress and succeeding Administrations agreed to continue the systematic dismantling of financial regulatory structures. The federal government shied away from enforcing fair play in the markets and failed to challenge major mergers, allowing corporations to consolidate into these "too big to fail" conglomerates the U.S. taxpayers are now on the hook to bailout.

In 1999, I opposed the repeal of the Roosevelt era Glass-Steagall Act that kept Wall Street investment companies from intermingling with banking institutions. The repeal allowed banks to put their customers'/shareholders' money into high risk investments. Congress refused to reign in unscrupulous lenders and turned a blind eye to speculative financial schemes. As speculators developed increasingly elaborate profit schemes, the financial underpinnings of the economy continued to erode, resulting in a massive house of cards.

Eventually the house of cards came tumbling down. When IOU's came due, profits that only existed on paper evaporated, and banks stopped loaning money. The Bush Administration poured \$700 billion into a bailout plan with no strings attached and it did nothing to stop the free-market free-fall. Businesses closed; people lost jobs, homes, and retirement savings in short order, and the damage continues to spread throughout the real economy.

On top of that, the Bush Administration almost doubled the federal debt to a whopping \$10.6 trillion. This debt has hindered the ability of President Obama and the Congress to respond to the current economic crisis. President Obama has pledged to restore fiscal responsibility, which I applaud, but he's got a big hole to dig out from. There are painful decisions ahead, but we can stop the bleeding by restoring the role of government in properly regulating the marketplace and ending federal bailouts for reckless CEOs.

Right now, the wrong people are suffering the consequences of this crisis. Hard working men and women are paying the bill for the excess and greed of Wall Street titans who have been given golden parachutes and bonuses for bankrupting companies. For instance, Washington Mutual, on the brink of collapse, hired a new CEO and doled out a \$7.5 million signing bonus. Seventeen days later, the bank collapsed creating the largest bank failure in U.S. history. But the new CEO claimed his \$11.6 million cash severance on his way out the door. Bank executives who received TARP funds under the bailout awarded themselves an estimated \$18.4 billion in bonuses last year. And, AIG which has received \$170 billion in taxpayer assistance, recently announced they will give out \$160 million in executive bonuses. I support congressional efforts to recapture those bonuses.

This has to stop. I want an expanded FBI White Collar Crime Program to investigate the individuals and institutions involved in the fraud and the financial irregularities that contributed to this mess. Financial criminals should be stripped of their ill gotten gains and sent to prison to underscore the new regulations put in place to ensure that this never happens again.

The Wall Street Bailout Fiasco

I opposed the original Bush/Paulson Wall Street bailout. Their plan did nothing to rebuild the crumbling foundations of our real economy and put people back to work. It also jeopardized the nation's financial future by borrowing \$700 billion -- \$2,300 for every man, woman, and child -- and transferring it to Wall Street financiers.

The bailout did not put any conditions on the funds, and the Treasury Department did not properly monitor the use of funds. Bank executives who had received bailout money because their banks were failing rewarded themselves with \$18.4 billion in bonuses last year. Astoundingly, the Bush Administration dedicated some of the bailout funds to encouraging more bank mergers rather than increasing the availability of credit for consumers and small businesses. To add insult to injury, many of the banks have refused to reveal how they used the funds.

We need to send a strong message to the financial world that these actions will not be tolerated. We also need to restore public confidence and make sure we never have to save Wall Street from itself again. We must fully investigate and prosecute any financial improprieties related to the current economic crisis. The irresponsible people who drove the economy into the tank for their own profit should go to jail. I have asked the new Administration to increase funding for the FBI White Collar Crime Program. We need aggressive investigations of individuals and institutions that may have contributed to the current crisis.

In addition, I have supported legislation to improve accountability, close loopholes, and increase the transparency of the Wall Street bailout. I am pleased our new President is also taking steps to better regulate the future use of the remaining bailout dollars.

Meanwhile, I have proposed legislation that would require Wall Street to finance its own bailout. The legislation would impose a minimal fee of up to ¼ of one percent on securities transactions. This securities transfer tax would have a negligible impact on the average investor and provide a disincentive to high volume, speculative short-term traders. The U.S. had a similar tax from 1914 to 1966, which was doubled during the Great Depression without harming investors. From the doubling of the tax in 1932 to the expiration of the tax in 1966 the Dow Jones Index grew from 41 to 1,000 points.

Looking Forward: A New Era Of Change

With the dramatic shift in power in Washington, DC, there are many bold ideas that have a real chance of becoming law in the next few years. President Obama highlighted several major challenges that lay ahead during his first month in office. Below are just some of the things Congress is expected to work on this year.

Resolving our Health Care Crisis: You cannot talk about restoring the American economy without talking about fixing our broken health care system. Oregon currently has over 620,000 people without health insurance and thousands more who are underinsured. This Congress will work with the new President to craft a plan that not only provides meaningful, high quality coverage for every American, but one that also weeds out waste, fraud, abuse, and overpayments and gets us back onto a fiscally sustainable path for the future.

Deficits Do Matter: The massive federal expenditures in the last six months have dramatically expanded the 2009 deficit to a record \$1.75 trillion. Congress passed a \$700 billion bailout for the Wall Street banks and an \$800 billion stimulus package, both of which I voted against. President Bush also fought two wars and fixed the Alternative Minimum Tax off the books, all of which led to doubling the national debt during his eight years in office, a debt that took us 200 years to accrue. I have long expressed concerns about our growing debt, including the \$3 trillion in foreign owned debt. The subsequent interest payments, \$253 billion in 2008, would be more than enough to fund several years of massive infrastructure programs.

Though President Obama's proposed federal budget is a huge improvement over those of the last eight years, he has a lot of work to do. His budget proposes to cut the budget deficit in half by 2013. The smaller deficits result in part from reduced war costs over time and not extending the tax cuts for people with incomes above \$250,000. In addition, the President's budget proposes to restore statutory Pay-As-You-Go rules that will force Congress to pay for any increased spending or tax cuts. Pay-Go was critical to turning the budget around in the 1990s.



Congressman DeFazio discusses health care with seniors at the Lane County Fair



Congressman DeFazio meets with Bill Welch, Dave Parker and Randy Friesen at the Industrial Finishes Solar Array in Eugene

investments to address critical infrastructure needs, create jobs and improve our long-term economic viability.

Climate Change: In a reversal from the prior administration, President Obama has signaled his willingness to meet the challenge of reducing greenhouse gas emissions (GHGs) 80 percent by 2050. To meet this goal, the U.S. must act quickly and boldly.

Transportation: As the Chairman of the House Subcommittee on Highways and Transit that will write the five year transportation authorization bill this year, the committee will work to craft a bill that will move our transportation system into the future by promoting programs to help get people out traffic jams, rebuild our bridges and highways, provide more transit alternatives, and reduce our dependence on foreign oil.

The U.S. is significantly under-spending on infrastructure compared to most developed countries. A recent "report card" by the American Society of Civil Engineers gave U.S. infrastructure an overall grade of "D." We are approaching third world status. The report card suggested we need to invest \$2.6 trillion over the next five years to begin to rebuild our infrastructure. There are over 150,000 structurally deficient and functionally obsolete bridges on our roads today; trucks are being rerouted because of weight restriction; and people are wasting hours and high priced gasoline in traffic. We can and must do better.

The highway bill will also provide a real boost to our economy at a time when we desperately need one. Each \$1 billion in federal transportation creates or sustains over 34,000 jobs and \$6.2 billion in economic activity. Moving forward, Congress will work to ensure that we improve our

Congress should take quick action on a Renewable Electricity Standard that requires 25 percent of all electricity be produced via renewable resources by 2025. Congress should also pass an Energy Efficiency Resource Standard to save 15 percent of electricity and 10 percent of natural gas by 2020.

At a time when our economy is in crisis, adopting these standards will spur job creation and economic growth, and save consumers money. A Federal Renewable Electricity Standard of 25 percent is estimated to create more than 185,000 green jobs by 2020. An Energy Efficiency Resource Standard will avoid the construction of 300 new power plants, saving \$144 billion by jump-starting energy efficient building codes and appliance standards.

However, I fear that a market-based approach such as a cap-and-trade scheme would reward market speculation over innovation. A cap-and-trade scheme is already in place in Europe and has largely been a failure. Emissions are increasing in Europe while investors and speculators make billions by buying and trading pollution credits. Experts worry that Wall Street speculators will abuse a cap and trade system and cause another round of irreparable harm to our economy. A much more preferable approach would be regulating GHGs through a regulatory approach. Federal law already provides government authority to direct polluters to clean up the environment. This model cannot be gamed by speculators and offers industry a clear target to meet allowing innovation to flourish.

What's On Your Mind? Come To A Town Hall Meeting

Since I came to Congress, I have held over 300 town hall meetings across Southwest Oregon. Many legislative initiatives have been based on conversations with Oregonians at these meetings. The dates and locations of the upcoming town hall meetings are listed below. All of the listed town halls take place in the northern part of the district. There will be town hall meetings in the southern and coastal parts of the district this summer. I look forward to meeting with you and your neighbors to discuss current issues before Congress, and to hear your ideas and opinions.

Philomath

Monday, April 13th

10:00 - 11:00 AM

Benton County Historical Museum
1101 Main Street

Reedsport

Tuesday, April 14th

2:00 - 3:00 PM

Umpqua Discovery Center
409 Riverfront Road

Eugene

Wednesday, April 15th

5:30 - 6:30 PM

Harris Hall
Lane County Building
125 8th Street

Lebanon

Thursday, April 16th

1:00 - 2:00 PM

Multi-Purpose Room
Lebanon Boys and Girls Club
305 S 5th Street

Corvallis

Monday, April 13th

12:00 - 1:00 PM

Main Meeting Room
Corvallis-Benton County Public Library
645 NW Monroe Ave

Coos Bay

Tuesday, April 14th

5:30 - 6:30 PM

Myrtlewood Room
Coos Bay Library
525 Anderson Street

Springfield

Wednesday, April 15th

7:00 - 8:00 PM

Springfield City Council Chambers
Springfield City Hall
225 5th Street

Albany

Thursday, April 16th

5:30 - 6:30 PM

Albany City Council Chambers
Albany City Hall
333 Broadalbin Street SW

Corvallis

Monday, April 13th

5:30 - 6:30 PM

Construction and Engineering Hall
100 La Sells Stewart Center
OSU

Eugene

Wednesday, April 15th

10:15 - 11:15 AM

Multi-Purpose Room
Hilyard Community Center
2580 Hilyard Street

Sweet Home

Thursday, April 16th

9:30 - 10:30 AM

Meeting Room
Sweet Home Fire Hall
1099 Long Street

Florence

Tuesday, April 14th

10:00 - 11:00 AM

Florence Events Center
715 Quince

Springfield

Wednesday, April 15th

1:30 - 2:30 PM

McKenzie Room
Willamalane Adult Activity Center
215 W C Street

I hope you can attend a townhall meeting near you!
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Feel free subscribe to the e-newsletter. By subscribing to the e-newsletter, you will receive occasional e-mail updates regarding current legislation and issues before Congress that are important to residents of the 4th Congressional District. To subscribe, please visit my website at <http://www.defazio.house.gov>.

My offices are here to serve you.

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