(October 2, 2008) Southtown Star: Local reps want revised bailout plan

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When the U.S. House of Representatives voted on the financial bailout package Monday, plenty of opposition came from the Southland's representatives, all of whom rejected the bill.

Now as House members prepare for a second shot at approving the $700 billion bailout of the nation's credit institutions, local lawmakers find themselves carefully weighing what might change their minds -and their votes.

Their criticisms of the first bill are clear: too much freedom for the Treasury, too few protections for homeowners and concerns that executives may walk away with multimillion-dollar payouts.

"The original plan ... gave the secretary of the Treasury dictatorial powers," Rep. Dan Lipinski (D-3rd) said.

Rep. Jesse Jackson Jr. (D-2nd), whose South Side district has been hit especially hard by foreclosures, blasted the bailout for ignoring the needs of floundering homeowners. On Wednesday, he issued a statement outlining a homeowner protection package for sub-prime borrowers that he would like added to the bill. The measures include a yearlong moratorium on foreclosures, changing adjustable-rate mortgages to fixed-rate mortgages and putting homeowners back in their foreclosed homes where possible.

"There is a difference between putting the country first and the country club first," he said.

Staffers for Reps. Judy Biggert (R-13th) and Bobby Rush (D-1st) said the representatives would not comment Wednesday until they had reviewed the revised version of the bill, which the Senate passed Wednesday night. The revised bill, piling up at 400-plus pages, contains several new provisions, including an increase in the Federal Deposit Insurance Corp. insurance level from $100,000 to $250,000 and $100 billion in tax breaks for businesses and the middle class.

On Monday, Biggert voiced her "reluctant opposition" to the bill in a statement and called for an alternative to using taxpayer money. A government-backed insurance plan, where banks pay premiums that would cover the costs of paying out settlements, would be fairer to the taxpayers, she said. Rush also called for more relief for average Americans in the bill, referring to the initial plan as a "$700 billion earmark for Wall Street."

Rep. Jerry Weller (R-11th), the only House member not to vote on the bailout, has not commented publicly on the bill. A call to his office Wednesday went unreturned.

Representatives continued to be barraged by constituent phone calls and e-mails Wednesday about the bailout, though some of the messages seemed to be changing. Lipinski said about 90 percent of the calls his office received before Monday opposed the bailout, while the split has been closer to 50-50 since then.

"The chamber of commerce is getting small business owners active, saying they need this to help small business," he said.

A Rush spokeswoman said the congressman had received an "unprecedented" 300 calls about the bailout, most of which were opposed to the plan. Jackson's chief of staff, Ken Edmonds, also said the volume of calls against the bailout had been huge.

"They're outraged that there's a health care crisis, a deterioration of schools, skyrocketing costs for fuel and food ... and the government could find billions of dollars immediately to address this crisis," he said.

With a new House vote on the bailout planned for Thursday or Friday, Jackson indicated he may change his vote if his homeowner protection measures were added. The congressman's efforts to rally support from other House members have been "constructive," Edmonds said.

Lipinski said that while he liked the FDIC boost added to the Senate version, it's not enough to sway his vote. That would take breaking the $700 billion into a series of payments, each of which Congress must authorize, he said, as well as closing potential loop holes on executive pay.

"(The package) is estimated to be $10,000 apiece for a family of four," he said. "When we're spending that amount of taxpayer dollars, we have to make sure it's being spent wisely."