HOUSE OF REPRESENTATIVES,
Washington, DC, March 16, 2009.

Hon. NANCY PELOSI,
Speaker, House of Representatives, Washington, DC.

DEAR MADAM SPEAKER: This is to notify you formally, pursuant to Rule VIII of the Rules of the House of Representatives, that I have been served with a subpoena, issued in the Superior Court of California, County of Shasta for testimony in a criminal case.

After consultation with the Office of General Counsel, I have determined that compliance with the subpoena is consistent with the precedents and privileges of the House.

Sincerely,

DAVID MEURER,
Field Representative.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. WOOLSEY) is recognized for 5 minutes.

(Ms. WOOLSEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

AIG: THE REAL STORY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. GRAYSON) is recognized for 5 minutes.

Mr. GRAYSON. Do you want to know why AIG went broke, threatening to bring down the whole U.S. economy? It's actually easy to find out. All you have to do is wade through 500-plus pages in the form 10–K that AIG filed 2 weeks ago. It's all in there, and I read it.

Now, derivatives certainly contributed to the problem. That's why the ''stress test'' on Page 178 says that AIG owes $500 billion, yes, $500 billion, if long-term interest rates go up by just 1 percent, as opposed to only $5 billion, according to Page 183, if San Francisco is destroyed in an earthquake. So now we know why the Federal Reserve has been buying long-term bonds just as fast as the Chinese sell them: to keep its ward AIG from being liable for $500 billion, because $500 billion is a lot of money, even to the Federal Reserve.

And to whom would AIG owe that money? The answer is on Page 176. AIG's largest credit exposure, which is 160 percent of its shareholder equity, is to ''Money Center/Global Bank Groups.'' In other words, Wall Street. And almost half of that amount is owed to only five banks.

But the real AIG losses have come not from derivatives but rather from AIG's basic business model. In a news release last Monday, AIG said that it had to make payouts of $43.7 billion to ''securities lending counterparties.'' That's the phrase: ''securities lending counterparties.'' The news release doesn't explain what that is, but AIG's 10–K does.

The standard insurance business model is as follows: You make money from minimizing your claim payments, and you make more money from your investments. Warren Buffett has explained this countless times in Berkshire Hathaway's 10–Ks. It's a stable, steady business. Indeed, AIG's insurance subsidiaries took in premiums, AIG invested them, and AIG paid out on claims.

But that's when things went horribly wrong. According to AIG's 10–K, AIG's parent company sucked the investment assets out of its insurance subsidiaries and lent them to Wall Street and foreign banks in return for cash. AIG then took this borrowed cash and invested it—are you ready for this?—in mortgage-backed securities.

It's not in AIG's 10–K, but the counterparties, that is, its friends on Wall Street, undoubtedly took the stocks and bonds borrowed from AIG and sold them short. That's why institutions borrow securities: to sell them, buy them back later at a lower price, return them, and claim the profit. So as the markets dropped, AIG's counterparties laughed all the way to the bank. Except they are banks.

And what about AIG? According to the first few pages of AIG's 10–K, when the counterparties returned the securities to AIG, AIG had trouble coming up with the cash because, first of all, the mortgage-backed securities market had blown up, and, secondly, the securities that AIG had lent out were actually worth far less at that point. Hence the Federal bailout at $150 billion and counting. And this money, by the way, this money that the Federal Government is giving to AIG, AIG implausibly lists that money as ''shareholders' equity'' and not loans on its own financial statements.

Now, why would AIG do something as convoluted and nutty as this? To goose its profit a few points by counting both the returns on the lent securities and the returns on the mortgage-backed securities both as its profit. In other words, the motive was greed.

Obviously, AIG shouldn't have done this, and no insurance company ever should be able to do it in the future. This is the kind of financial innovation that brings into focus why we need to regulate in order for this country to survive. The choice is not between regulation and freedom; the choice is between regulation and chaos.

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The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. MCHENRY) is recognized for 5 minutes.

(Mr. MCHENRY addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

TURN THIS ECONOMY AROUND

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Minnesota (Mrs. BACHMANN) is recognized for 5 minutes.

Mrs. BACHMANN. Mr. Speaker, I rise today to talk about America's economy and where Americans are at right now. We have seen a lot of trouble over the last 2 years, and it needn't be that way.

We could turn this American economy around next quarter. We could truly bring hope and change to the American people if we would put into place a positive solution that would give people certainty about where they are going to go in this economy, and we can. We know it's possible. It's really fairly simple.

All we need to do is this: we need to get people investing in the economy, and you do that by making incentives for that. I am a former Federal tax lawyer. I have lived this life, I know how it works.

Right now we have a high rate on our capital gains tax. Unfortunately, the Obama administration is looking at increasing that tax. We need to go just in the opposition direction. We need to cut the investment tax called capital gains down to zero. The best thing we could do is make that tax permanent to the investor community.

Let Americans know, if you take your money, and if you put it at risk opening a business, hiring people for jobs, in the next 4 years your risk will be paid off because you will have a 0 percent interest rate. That's capital gains.

If we would permanently lower the capital gains to zero for 4 years, we would have incredible domestic investment, as well as foreign investment. Even better, we can take the business tax rate—the United States today has the second highest business tax rate in the world, 34 percent.

America is not an attractive place to invest money. We can change that. We can go from 34 percent on our business tax and bring that down to 9 percent, make it permanent.

What are foreign investors looking for? A safe haven for investment. They want to invest in the United States, but we have a very punitive investment climate.

If we would bring down that business tax rate to 9 percent, we would be able to bring foreign money into the United States and invest and create jobs. Rather than seeing jobs flee the United States to other countries, we will see them come right back into the United States.

That's what we need now, more jobs, more stability, more certainty. We have had enough with economic uncertainty from 2008 to the present. Let's change that equation. We can have a positive alternative.

First, zero capital gains. Second, lower the business tax rate to be one of the lowest in the world.

Third, cut every American's tax rate down by at least 5 percent. We can do that, and that will help Americans keep more of their money.

Fourth, we need to kill the death tax once and for all. If even one American pays the death tax, it's immoral. Why in the world should Uncle Sam be able to reach in the coffin after death and still try to pull the wallet out of an

American who is deceased? This is immoral. It shouldn't be.

Then, finally, the alternative minimum tax, we should zero out the alternative minimum tax, which is putting a second tax burden on already overtaxed middle-class Americans.

Also, Sarbanes-Oxley, Sarbanes-Oxley has actually chased capital out of New York City over to London. We need to get that investment capital back in the United States.

That's a pretty simple plan. If we would stay here for the rest of the day, and if we would stay here tomorrow, as Members of Congress, we could very quickly and simply pass this commonsense legislation that has worked time and time again.

Don't just take my word for it, a woman from Minnesota—take a look at Harvard. Harvard did a study back in 2002 that examined 18 different world economies, and they showed the same thing. They said, what do you do to make economies work, and what do you do that makes economies not work?

Here is what you do, you lower the wages of government employees, you lower transfer payments, welfare payments, and you lower the tax rates. That's what you do, the study concluded, to make economies revive.

What you don't do is increase government spending. What you don't do is increase taxes.

What we have seen in the last 60 days is what you do to make an economy not work or bring more uncertainty into our economy.

The American people deserve a positive solution, and we have got one. Let's get to work, let's stay here, let's make it happen. Instead, what are we seeing happen? We are seeing more spending and higher taxes.

And what did the Federal Reserve try to do this week? They announced that they are going to do another $1 trillion in purchases. And they just announced today another $300 billion in buying up long-term Treasury securities. They have already lowered the interest rates to zero, so now they want to flood more money into the money supply, but this reduces the value of dollar.

There is so much we can do to change the economy. Let's get busy.

HONOR THE WISH ACT

The SPEAKER pro tempore (Mr. MASSA). Under a previous order of the House, the gentleman from Tennessee (Mr. COHEN) is recognized for 5 minutes.

Mr. COHEN. Mr. Speaker, today is the sixth anniversary of the Iraq war. We Americans need to remember all those who have made sacrifices because of this war, the 4,259 service men and service women who have given their lives in this conflict.

One of the soldiers who paid the ultimate sacrifice was Specialist Christopher Fox of Memphis, a constituent of mine, who was based in Fort Carson, Colorado.

Only 21 years old, he was on a second tour in Iraq, was due to be discharged from the Army in July of this year. He was looking forward to attending the University of Tennessee at Knoxville, possibly to play football and to study criminal justice. He hoped to be a police officer so his military training would not have gone to waste after he left the service.

But Specialist Fox did not make it home alive. He died in Iraq on September 29, 2008, of wounds sustained when he encountered small-arms fire while on patrol. On this anniversary of the war, we need to remember these sacrifices and do what we can to honor the memory and the wishes of the soldier who has given the ultimate sacrifice.

Specialist Fox wanted his mother figure, not his mother, who was deceased, but his mother figure, a woman who was awarded temporary custody when he was 17, to oversee his burial arrangements, as soldiers are asked to designate someone. Her name was listed on the form that he filled out to direct the disposition of his remains. However, because of current Federal law, it is prohibited that servicemembers designate nonrelatives to make those arrangements.

It is a travesty, Mr. Speaker, that our laws do not allow a soldier's wishes to be honored, especially for something as final, as simple, and as appropriate and meaningful as the disposition of their remains.

Someone who puts their life on the line in defense of their country should be allowed to have whomever they wish to make arrangements for their memorial service. I attended his memorial service in West Memphis, Arkansas. There were few people there. There were no other public officials.

It was unfortunate that even his mother figure wasn't able to make it, she was in Knoxville. But if she would have had the opportunity to make the arrangements, I think we would have seen something different.

It is with this experience that I, along with Congressman JOHN DUNCAN of Tennessee, where his mother figure lived and where he otherwise might have been buried, and DANA ROHRABACHER of California, Congresswoman WATSON and Congresswoman GWEN MOORE are filing the Honor the Written Intent of Our Soldier Heroes Act today, or Honor the WISH Act.

This bill will allow service men and women to designate whomever they want to direct the disposition of their remains. I hope my fellow Congress people will join me in sponsoring this act and help move it forward for passage. It seems only appropriate and fitting that we honor the wishes of our soldiers.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. FLAKE) is recognized for 5 minutes.

(Mr. FLAKE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

ALLEGHENY NATIONAL FOREST

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. THOMPSON) is recognized for 5 minutes.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I bring a serious economic concern from my district today. In the northwest corner of my district in beautiful rural Pennsylvania lies the Allegheny National Forest, established 86 years ago when the Federal Government purchased 513,000 acres that it encompasses.

By agreement in 1923, the subsurface mineral rights in the forest did not convey with the purchase, and oil and natural gas have been harvested ever since. Because of the value of timber harvested and the oil and natural gas produced, the ANF serves as the economic engine of the region, providing good-paying, family-sustaining jobs for many in the oil, natural gas, timber and forest products industry.

In addition, the ANF is not taxable, since it is owned by the Federal Government, making the municipal governments even more reliable on the development of oil, natural gas and the timber in it. Mr. Speaker, what's important to note here is that the Federal Government entered into an agreement with the owners of these subsurface minerals, an agreement which has been honored for 86 years.

Unfortunately, that process has come to a halt. In reacting to lawsuits brought by environmental groups, Forest Service and Justice Department lawyers, who most likely have never stepped foot in the Pennsylvania ANF, are now managing the forest, instead of dedicated ANF Forest Service professionals, who despite many challenges over 8 decades, have carried out their duties admirably.

So when the Forest Service does not issue new permits to proceed with harvesting oil and natural gas, people lose their jobs and the local economy suffers. To demonstrate that this is much more than a legal battle between the Forest Service and environmental groups, I will read a part of one of my many communications I have received from constituents.

''With local drilling being slowed to a virtual halt, we have seen the 'ripple effect' significantly decrease our business. The timber industry is in the worst shape that we have ever seen, and now loggers are not even needed to clear right-of-ways for roads, locations and pipelines.

''For the first time in 30 years we have had to reduce our workforce and contribute to the nearly double-digit unemployment rate.''

I find it to be the height of hypocrisy that the Secretary of Energy recently asked OPEC not to decrease its oil production, while at the same time our