

economy is able to thrive, and wrong policies have the opposite effect. So let's learn the lessons that we can learn from these charts. Let's get good policies again. Let's get our spending under control. Let's not tax too much. Let's not waste money. Let's not borrow too much. And if we will pursue good policies, then, hopefully, the market will start responding again the way we'd like to see it.

And I thank the gentleman for yielding.

Mr. AKIN. Reclaiming my time, gentleman, when you talk about consequences, just taking a look at that one bill alone, which was the thing they called the "stimulus" bill or the "porkulus" bill at \$800 billion, \$800 billion that we don't have. We only have a 300-ship Navy. We're talking 250 aircraft carriers as the equivalent cost. But let's talk about what the indebtedness of that is. Just that one bill, what that would mean would be nine new aircraft carriers every year. That's just the cost of the debt that we're getting into.

Mr. LATTA. Will the gentleman yield?

Mr. AKIN. I will yield.

Mr. LATTA. I think the number I'm now seeing is that by the year 2012 we'll be paying a billion dollars in interest on the debt every day, which is absolutely putting our future generations in the hole that they're never going to climb out of. And that worries me with our kids back in Bowling Green and what we're going to do to their future. And I don't think it's right what this Congress is doing.

I think a little earlier I might have misspoken when I was talking about some of the debt numbers. You start throwing around billions and trillions, and I think the numbers I should have been saying were trillions when we talking about the debt in 1989 and 1999 and 2007. But those numbers keep going up. And we can't have that going on because, again, as I've mentioned and as all the gentlemen have mentioned this evening, when you look at what we have been doing to this country and owing foreign governments only \$119 billion in 1979 and, as I said a little bit ago, that we now owe over \$3 trillion. As the gentleman from Pennsylvania mentioned, the problem we're going to be having is that we're going to have a situation with this debt going up. The President has already said if we can't get people to buy that debt, we're just going to have to raise that interest rate. And as I mentioned a little bit earlier, we're going to be right back where we were in the late 1970s with President Carter when we had 21 percent interest rates, and the problem is going to be that no one is going to be able to get any loans out there and the situation we're going to be in is a dire one because back 30 years ago, this country was on top of the heap. China is now the number one manufacturing country in the world, not the United States. They've passed us this year,

and now we are going to be in a situation where how do we climb out of it?

Mr. AKIN. Reclaiming my time, to summarize what we have been talking about in a way, first of all, we're taxing too much; second of all, we're spending too much; and third of all, we're borrowing too much. That's basically the way things are going. We have tried that approach before. We tried it during the Great Depression. It turned a recession into the Great Depression. Henry Morgenthau was the one who made it clear that it hadn't worked.

And take a look at what's going on here in the situation with the jobs that have been lost since the Democrat majority, and you see what's going on is this thing is really going up in terms of jobs lost. Why is that? Well, because small businesses are getting hammered and they're the source of a great number of those jobs. So if we do not have the liquidity and we don't allow the small businessman to keep some of what he earns and to invest in his company, we lose jobs. And this is what's going on. It's predictable. It's happened this way for years, all throughout history. And the solution is straightforward. There is a solution. We don't have to go down this path. But it means that we have to stop spending, we've got to stop taxing, we've got to stop borrowing, and what we have to do is let some liquidity back for the small businessman, and you'll see this job thing turn around.

TARP AND THE AIG-WALL STREET AXIS

The SPEAKER pro tempore (Mr. SCHRADER). Under the Speaker's announced policy of January 6, 2009, the gentleman from California (Mr. SHERMAN) is recognized for 60 minutes.

Mr. SHERMAN. Mr. Speaker, I will try not to consume the entire 60 minutes, but I do have much to say about the progress of the so-called TARP, or bailout, program and the treatment of executives as well as general creditors and counter-parties under that bill.

I think that the way this bill has been administered has been a travesty for quite some time, and it is perhaps peculiar that only this last outrage from AIG has generated the kind of public revulsion that is well justified by actions taken prior to the recent AIG giant bonus payments.

But let us look in particular at AIG. They have healthy insurance companies, a healthy savings bank, all owned by a parent company. And that parent company decided to establish a Financial Products division, a casino, in which the rich and powerful from around the world could come to bet. In fact, that is what they did. And they bet that American mortgages would decline in value. These gamblers were right, but they were too smart by half because together, they broke the bank. And now they come to American taxpayers, and they say, "You should

make sure that we walk away from the table with our winnings intact."

Now, how does this compare to the way that capitalism is supposed to work? When an insolvent institution has general creditors and that insolvency requires governmental intervention, usually in the form of bankruptcy reorganization or receivership, not just the shareholders, not just the executives, but also the general creditors and the counter-parties take a substantial hit. This is what is, in effect, happening with General Motors today. Now, General Motors is not in a formal bankruptcy, but they are carrying on pre-bankruptcy or in-lieu-of-bankruptcy negotiations. Their workers are seeing their contract changed and modified. The bondholders are seeing that they will get paid only one-third of what the bond contract says they are supposed to be paid in cash. So what kind of country is it when what was once our greatest industrial company, the investors and the bondholders of that company, the workers at that company are told that they have to take a substantial hit, but a giant casino, we are told, those who went and bet at that casino need to get every dollar their winnings entitle them to at the expense of the Federal Government and, oh, by the way, the croupier is supposed to get a \$6 million bonus as well?

The difference is that the AIG-Wall Street axis represents the most powerful in the world, and they are not going to sit idly by as people say that just because AIG is insolvent, they should take less than everything they want.

What should have happened to AIG long ago is AIG should have gone into receivership. Now, this would have liberated their insurance subsidiaries and savings bank, which are healthy, to be spun off and to play the role that they need to play in our economy. Now, it is said that these subsidiaries would have been hurt, that the consumers of the insurance company would feel bad and reluctant and uneasy if AIG went into receivership because, after all, that would mean AIG would get a lot of bad press and some of that bad feeling might attach itself to these subsidiaries. Well, my God, is there anything that could have generated more bad press for AIG and every entity associated with it than the events of the last few days?

Had AIG gone into receivership, it would have been a 1-day story. Oh, in the financial press they would have covered it for weeks, but it would have been a 1-day story on the front page of every newspaper in the country. Instead, those affiliated and associated with AIG are being associated with what has got to be referred to as the worst business press any company has received.

The second thing that would have happened with receivership is that the general creditors, the counter-parties, the people who won by placing bets at the AIG casino would have to take less

than what the contract provides. This would have been a reasonable outcome because one of the bets you make when you go to the casino is whether the casino is going to be able to pay. And if the house can't afford to pay, the House of Representatives shouldn't be the ones called upon to do so.

Finally, receivership would have voided or forced major modifications of all those bonus contracts that we are told are so sacrosanct that in a society with a rule of law we have got to pay the \$6 million bonuses to the people who invented the AIG casino.

Now, we are told, oh, my God, we need these talented people to stay at AIG. We had testimony from the regulators of AIG's healthy subsidiaries, and they indicated to us in committee today that they have on their staffs at salaries between \$100,000 and \$150,000 people with expertise, substantial, major expertise, in credit default swaps. So if you want somebody with the expertise to deal with the assets that AIG needs to unwind, you may need to pay a salary of \$100,000 or \$150,000. But if you need not just that expertise but somebody who has the experience of creating a casino that destroyed the AIG Company and has imperiled the economy of the world, if you want somebody with the talent for that level of destruction, then you need to provide them with multi-million dollar bonuses. Clearly, AIG in receivership could have staff being paid reasonable amounts with the expertise necessary to carry on the necessary transactions.

Now, AIG is not the only one of these firms that should be in receivership because how can we make the major bank balance sheet healthy? What we're told is we have to remove the toxic assets. Well, I'm an old CPA. I know what a balance sheet looks like. And you never made a company any stronger by removing any kind of asset from its balance sheet. Now, if you cannot remove an asset from the balance sheet but, rather, trade a bad asset for a lot of taxpayer cash, that can, indeed, enrich the company, and that enrichment is reflected on the balance sheet.

But the way to strengthen these financial institutions isn't by taking assets off their balance sheet; it's by taking liabilities off their balance sheet. And how do you do that? Well, when you have an insolvent financial institution, you go into receivership. The creditors who are uninsured, the big boys, have to take a cut in the amount that's owed to them. That reduces the liabilities on the balance sheet. It increases the amount of net capital on the balance sheet, and that institution is able to emerge healthy and ready to do business and play the role in the economy it should.

□ 1930

Instead, we are told, Treasury is looking to buy the "toxic assets" in a "public-private partnership." When you hear that the Treasury is going to

trade cash for trash, that they are going to give large amounts of money in return for the worst assets these banks have, then hold on to your wallets.

But now we are told it will be a partnership between hedge funds and the Treasury, in which the Treasury will put up almost all of the money and the Treasury will take almost all of the risk and the private hedge funds will get almost all of the upside. This is, needless to say, something that's going to be hard to sell to a skeptical American public.

We need to make sure that if there's any public-private partnership, that the terms on which the Treasury invests are identical to those terms of the private investors. They put a dollar on the table, we put a dollar on the table. They make a dime, we make a dime. We lose a dime, they lose a dime.

Instead, what I fear will be created is a system in which we put \$9 on the table, they put \$1. And if money is to be made, it goes chiefly to the folks that put in only \$1 of capital. Beware of any system that is overly complex, because that is a system in which the taxpayers may get shortchanged.

I think we speak from experience, because taxpayers have already invested in the preferred stock of all these big banks, and the official congressional oversight panel says we got shortchanged to the tune of roughly \$78 billion, 31 percent of the amount we invested. It got a few headlines for a while, and people have forgotten.

Now we're told that these same companies that shortchanged us, that took in \$252 billion of our money but gave us securities worth \$78 billion less than the cash we gave them, that they are eligible for further bailouts, that we are ready to do business with them as if they have sinned not at all. We should establish a policy that we are not doing business with these banks that shortchanged us until they give us additional preferred stock to fully compensate for the cash that we have put into the institutions.

I fear that this will not be the policy of the Treasury. We already know, because I asked them at the last hearing, that the major banks are unwilling, on their own, to issue additional preferred stock to the U.S. Treasury in order to make up for the fact that they have shortchanged us.

So we need to compel those additional shares of preferred stock to be issued. We need to be wary of buying toxic assets. We need to be wary of buying any assets on terms under which we put up most of the money and take most of the risk and private interests get most of the upside.

But let me return to the issues of executive compensation which are, after all, what has touched a nerve with the American people. Before I quite go to executive compensation, let's talk a little bit about why that nerve was hit and why the larger rip-offs of the taxpayer have generated less attention.

The reason is simply that people understand what it is for somebody who screwed up a company and drove it into the ground and imperiled the American economy to get a \$6 million bonus. They understand a \$6 million bonus.

In contrast, the fact that the counterparties and general creditors of insolvent institutions are being paid in full when they should take a substantial haircut, that is something outside the experience of the American people. So, recently, we put up \$30 billion to AIG. Immediately \$20 billion went to the richest and most powerful in the world.

Over the last few months, tens of billions of dollars have gone to foreign banks, as if bailing out American banks wasn't taxing us sufficiently already, those are the multibillion, the \$10 billion, the \$100 billion transactions. They are complex, and Wall Street is able to use that complexity to say, "Oh, American taxpayers, you just don't understand, but trust us, trust us. The whole world economy will implode if you don't make sure that the credit default swap counterparties are paid in full."

And since so few Americans have much experience with credit default swaps, they have been able to sell that, and that's the big swindle. The small swindle is the \$6 million, the \$3 million bonus, the \$165 million in total bonuses going to this unit of AIG at this time. That is something the American people understand.

So what are we going to do about it? First of all, let's reflect. If AIG had gone into receivership even a few days ago, those bonuses would not have been disbursed and the contracts under which they had been paid would have been modified or discarded. We still need receivership for AIG, but receivership last week would have been better.

But now we have an opportunity to use the Tax Code to make sure that those who receive excess compensation and who work for these big bailed-out banks have to give that money back, either to the employer, or have to give it back through the Tax Code to the American taxpayer.

Now I think that tax bill may reach this floor tomorrow. Let us discuss what should be in it, and I am concerned that a few things that should be in it will not be in it. First, and I think that the bill will be good in this respect, it shouldn't just be an AIG bill. What about the giant bonuses at Merrill Lynch?

What about all those who are getting multimillion-dollar bonuses and working at firms that are insolvent, firms that need to be propped up by this extraordinary and perverse departure from capitalism called the TARP program? We ought to treat all executives at the big bailed-out firms the same.

Now I see a reason to draw a line with those bailed-out firms that received only a few billion dollars in TARP money. They might be viewed separately. But those who have received many billions of taxpayer

money, those companies, we ought to look to the executives and say we don't think you should be receiving more than a reasonable amount of compensation.

Now President Obama has drawn that line at half a million dollars of compensation per year. Plus, in his program, and he has several programs, this is the program that's most severe, plus an unlimited amount of restricted stock. That would be a reasonable line. Other people might draw the line differently.

But we need to apply it, not just to bonuses, but to other forms of compensation as well. We got all upset about bonuses, they started calling them retention payments. Now we are going to pass a tax law dealing with bonuses and retention payments.

You know what they are going to do? They are going to increase the salaries from \$1 million a month up to \$2 million a month. So the first thing we need, in any tax law designed to tax away the ill-gotten excessive compensation of executives with bailed-out firms is we need to deal with all forms of compensation, not just bonuses.

Otherwise we will go back to our constituents for the District Work Period and they will say, fine, Congressman, fine, Congresswoman, you dealt with the bonuses, what about the \$1 million-a-month salaries? What about the fact that some of them went up to \$2 million a month? Deal with the entire executive compensation. Deal with all of the major bailed-out firms.

Next, it is important that any tax bill provide explicitly what happens if, as we hope, the executive decides to return to the company the excessive portion of the compensation they have received.

So I look forward to working both on this floor and perhaps with a conference committee to have a bill that is comprehensive as to which companies it deals with, that is comprehensive in that it deals with all forms of compensation.

I see we have been joined by the esteemed gentlelady from Texas, and at this point I shall yield to her for whatever comments she would like to make to the House.

Ms. JACKSON-LEE of Texas. I thank the distinguished gentleman from California, and I thank him for yielding. I have listened to the gentleman. We have participated in a number of caucuses where we have collectively expressed the importance of reinstating regulation, but, more importantly, letting the people speak.

Our challenges to the actions of AIG are not new. I am reminded of the works that were done in the last administration in 2008. There was a whole litany of prohibition and restrictions, particularly to regulate how that money would be given. No bonuses were one of those that was highlighted.

In addition, to restrain the random use of money, reporting transparency, the idea of set-asides for those involved

in mortgage foreclosures or modification, these are the issues we fought for. And in a lesson that has been bitter, we have seen AIG literally implode the, if you will, sympathy of the American taxpayer.

I believe that the tax bill that's going to be on the floor tomorrow, I happen to support the efforts that are being made by the Judiciary Committee to provide for enforcement against those who would issue such, in essence, retention bonuses and to likewise require penalties and reimbursement.

But let me just indicate why we need to be strong in our regulation on these issues. We take note of the fact that the CEO of AIG came just a few months ago. We thanked him for committing to serving after AIG had reached the brink of collapse.

But I think the concern that I wish to speak to is the need for congressional oversight that was occurring in the Financial Services Committee today. It was occurring in the Judiciary Committee today. We should not be ashamed or shocked of holding the reins on entities that seem to be confused about the importance of congressional oversight.

The points that were most provoking and striking to me today in the Financial Services Committee hearing are two: one, that these retention bonuses were issued on a Saturday night. Sounds to me like something of old, the Saturday Night Massacre. I frankly thought that much of our business is done from 9 to 5 from Monday to Friday, but that was not the case.

But the other part of it that raised concern is the lack of transparency. Some government officials were made aware of this, in particular, the Federal Reserve. But committees that have oversight jurisdiction, either enforcement or regulation, just seem to be lost along the way.

How many times do we have to repeat the fact that these Members do not represent themselves? This House, in fact, is the people's House. The upper body, of course, represents the combination of Congress.

So I think it is important, as we look to the legislative focus, we also need to change minds and mindsets. But now that we are a major stakeholder, we do believe in capitalization, or capitalizing, restoring the markets, but we also think it is important that there be this link of understanding.

My question would be, and I am wearing a lawyer's hat, that if there was a legal premise on which one thought they had to give these bonuses, frankly, I believe, our legal system is strong enough, and the financial system, to have indicated that we are not giving these bonuses at this time and to, in essence, say, let us take it to court. In that instance, we would have had an independent arbiter to address the question of whether these bonuses were, in fact, adequate.

I look forward to the legislation making its way through this House

dealing with taxation. I would hope that this would be recognized as not a punitive measure for people's hard work. Don't get the wrong idea. We understand hard work. We understand business hard work, small business hard work. We understand people who work in the financial markets, the hard work they do, the late hours. But we are partners now, and we have to do hard work on behalf of the American public.

We have got to cherish their tax dollars as we look forward to reform the health care system, as we make the markets work again. We have got to restore their confidence, that people will believe it's okay to invest in these large entities to make the market work.

□ 1945

So I would simply ask my colleagues as we begin to debate this, let us not mischaracterize any of our work. We have been fighting against this kind of debacle, if you will. Members have been working on both sides of the aisle. But I think it's honest to say that all of this started way back in the last administration.

The language of the TARP bill of that era, the \$350 billion, was not with any restraint, and many of us argued against it, and there were arguments across party lines.

So let us now take the pledge, if you will, take the leap, if you will, in the cold waters to be able to accept the responsibilities—as a Judiciary Committee member, myself on the aspect of enforcement, and certainly I think the regulatory aspect, Mr. SHERMAN, is one that we need to ramp up.

I will simply close by saying we're here tonight—it's about quarter to eight eastern standard time, but it is after a full day of work. I just hope that we can find a better day than late Saturday night, early Sunday morning, or midnight Saturday night and Sunday morning, to make important decisions that are made by the private sector and give the opportunity to the American people to see transparency and let us fix these markets.

I'm prepared to fight the battle so that taxpayers can have a restoration of their confidence in what we are doing here but, more importantly, in what America stands for, and that is equality and justice and opportunity and fairness for all.

I thank the gentleman for yielding to me at this time, and I'd be happy to yield back.

Mr. SHERMAN. I thank the gentlelady from Texas. At this point I would want to resume my comments about the tax bill or the latest draft of it that I expect will come before this floor tomorrow.

The bill is retroactive in the sense that it does affect the taxation of monies received in 2008. That is not the best way to pass tax law, but it is not uncommon to act right up until April 15, 2009 or, even later, to affect the tax law applicable to 2008 tax returns.

There have been many occasions when this House has, after the end of a calendar year, modified the tax law for that year. Usually, that takes the form of a tax reduction. But it has sometimes taken the form of a tax increase.

Second, I should point out that the draft that is in circulation now uses the term “capital infusions” so as to apply the bill to executives with companies that have received capital infusions of over \$5 billion. The bill, however, does not define the term capital infusions and so it leaves open how it would apply in two different situations.

In one situation, it clearly would apply, and that is if the Federal Government spends \$5 billion or more to buy preferred stock from a company, we have made a capital infusion in that company of \$5 billion or more.

But it now appears that Treasury is going to buy toxic assets from companies. The authors of the tax legislation should indicate if somebody sells us a big package of bad mortgages for \$5 billion or \$10 billion, is that company covered by this new tax law—or are the executives covered by this new tax law.

Second, the draft that is coming before us—and this isn't really second, but this is last on my list, rather—deals, perhaps unfairly, with small bonuses.

The draft, for example—say you have an individual, and I will make it simple by assuming this individual is filing a separate tax return, separate from his or her spouse. And say the individual makes \$125,000 a year salary and a \$10,000 bonus. Under this draft, they face a penalty tax on the \$10,000 bonus.

Well, somebody earning \$125,000 dollars isn't terribly rich certainly, by Wall Street standards, and a \$10,000 dollar bonus may not be excessive.

The bill's laser-like focus on bonuses could subject a \$10,000 bonus to a \$9,000 tax, notwithstanding the fact that if somebody is getting \$1 million a month in salary, and no bonus—if you're getting \$1 million a month in salary, I'm not sure you need a bonus—that person will face no additional tax under this tax bill.

So I would hope that the bill would be reconfigured to deal with the total compensation package, including salaries and, in any case, even if it's just going to be targeted at bonuses, should focus not on small bonuses received by people who are earning modest middle-class or even upper middle-class salaries.

The next point I would like to make—I think it's kind of obvious from the tone I'm taking that I voted against the TARP bill on this floor, twice, and hope that we see very substantial changes in the way we are dealing with financial institutions before we are called upon to vote on any financial rescue bill in the future.

One change we need to see, a change I think we can believe in, would be a change of personnel in Treasury as to the Assistant Secretary of the Treasury responsible for the TARP program.

I refer to it not by its technical name but the Assistant Secretary for Big Bank Bailouts.

Neel Kashkari is a holdover from the last administration. He is, more than any other person, responsible for the fact that we got shortchanged to the tune of \$78 billion worth of securities on our first \$252 billion of security purchases. He is still there.

If there's one thing this country wanted change and expected would be changed on January 20 of this year, it would be the person in charge of the TARP program. And I look forward to the day when we get a new assistant secretary into that position. Even a temporary acting assistant secretary drawn from the banks of the bureaucracy would be an improvement over someone who has managed to lose 31 percent, and more, of everything we have invested.

Now I'd like to return to the process by which AIG revealed these bonuses. It is true that everyone paying attention is aware that AIG had a lot of excessively compensated individuals. In fact, when Neel Kashkari, the Assistant Secretary of the Treasury, came before our committee, I questioned him about what I knew were \$3 million bonuses being paid to AIG executives. I was able to point out to him that the TARP statute mandated that the Secretary of the Treasury provide standards of appropriate executive compensation, and that only because Treasury had deliberately intentionally ignored that general mandate were the—at that point, I only knew of \$3 million bonuses being paid at AIG—were they paid.

Assistant Secretary of the Treasury Kashkari, then speaking for the old administration, but perhaps holding the same views under the new administration, would not opine on whether a \$3 million AIG bonus was or was not appropriate executive compensation.

The fact is, Treasury continues to have the power and the duty to issue regulations defining executive compensation—appropriate levels of executive compensation at bailed out firms. They should do that, and do it promptly.

So, in any case, people were aware that there were executives at AIG getting enormous bonuses and huge salaries. But this last weekend, it was revealed to us some particularly painful details. First, that \$165 million was about to be disbursed. Second, that the chief beneficiaries were going to be the people that created the most malignant casino in the history of Wall Street, the AIG Financial Products Division.

So all this money, or virtually all of it, was going to the people at the division that had destroyed the AIG company and much of Wall Street besides.

Finally, we learned that some of those bonuses would be in excess of millions of dollars—in one case, over \$6 million. Those particulars were revealed just hours before the checks

were distributed. And the question is: Did the securities law of the United States require that AIG reveal that much, much earlier.

If the securities laws are not that clear, they should be, because the theme of the securities laws are that a company must reveal on a timely basis material information to its shareholders. Material information is that which would influence the shareholders in a decision to invest.

Well, the American taxpayer invested \$30 billion additional into the AIG morass just 2 weeks ago. I submit we definitely would have been influenced by knowing that these particular bonuses were being paid to the executives of the Financial Products Division of AIG.

But, instead, these bonuses were hidden from us. The particulars were hidden from us right up until hours before disbursement. Well, why was that done? Because we could have, as a country, put AIG into receivership before they got the last \$30 billion. We could have saved ourselves \$30 billion and, in the process, we would also have invalidated or forced a judicial modification of all those obnoxious bonus contracts.

But they didn't tell us about this. They didn't give us the particulars that are so important to the American taxpayer. They may have told one or two people over at the Federal Reserve Board, but securities law does not say that you reveal material facts to one or two people at the Federal Reserve Board. Securities law says material facts need to be revealed to shareholders promptly. And there is nothing that the 300 million shareholders of AIG—the American people—find more significant to them than this obnoxious bonus program.

I suggest that we were not told until the bonuses were distributed, not only to protect the bonuses, but to protect the concept that AIG's general creditors and counterparts should be paid in full with taxpayer dollars, as necessary.

America would be a lot happier today. The subsidiaries of AIG, the insurance companies and the savings bank, would be much stronger today. The likelihood of the administration being able to get this Congress to pass additional legislation if it finds that necessary would be much higher today.

If AIG had revealed these material facts in all of their very significant particulars months ago, or even weeks ago, but somebody at AIG decided not to tell us. Somebody at the Fed may have known these particulars and decided that the American people should not be trusted with such inflammatory information. And that is why we are where we are today.

I look forward to strengthening America's insolvent financial institutions, not by putting in hundreds of billions of dollars more of taxpayer money, not by creating partnerships in which we put up hundreds of billions of dollars but, if there's any upside, it

goes to various hedge funds on Wall Street.

I look forward to strengthening these institutions, not by removing assets, even assets that have declined in value, but assets nevertheless, from their balance sheet. I look forward to strengthening these institutions by going into receivership, removing liabilities from their balance sheet, thereby increasing their net worth, their capital, and returning them to the private sector as very, very well-capitalized institutions.

What is standing in our way is the fact that that reduction in liability is a reduction in the amount payable to the most powerful in the world—the largest financial institutions in the world.

One final comment. I thank the House for indulging this lengthy speech. First we were told that AIG was too big to fail. Then the folks on Wall Street came up with a new story. They said AIG was too interconnected with other institutions to fail.

Well, AIG is not too big to fail. It's not too interconnected to fail. It's too well-connected to fail. But receivership is not failure for AIG. Receivership is the road to success for AIG.

□ 2000

It simply will cost these very well-connected general creditors, the ones who went and bet at the AIG casino, the ones who broke the AIG casino bank. It will simply cost them money. And this Congress and this government should have the courage to do just that for the benefit of the American people.

I yield back the balance of my time.

VACATING 5-MINUTE SPECIAL ORDERS

The SPEAKER pro tempore. Without objection, permission for 5-minute special order speeches by the gentleman from California (Mr. SHERMAN) and the gentleman from Texas (Mr. POE) is vacated.

There was no objection.

THE FEAR OF GLOBAL WARMING

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentleman from Texas (Mr. POE) is recognized for 60 minutes.

Mr. POE of Texas. Mr. Speaker, tonight and today we have been hearing a lot about the economic crisis throughout the globe. Parallel to the concern about the economic crisis is another concern that we have been told about, and that is the fear of global warming. It preoccupies much of what we do here in this House, and it preoccupies much of what is in the media, not only in the United States but throughout the world.

I would like to read a portion of a Newsweek article, Mr. Speaker. It says:

There are ominous signs that the earth's weather patterns have begun to change dramatically, and that these

changes may bring a drastic decline in food production with serious political implications for just about every nation on this earth. The drop in food output could begin quite soon, perhaps in only 10 years.

The regions destined to feel its impact are the great wheat-producing lands of Canada and Russia in the north, along with a number of marginally self-sufficient tropical areas, parts of India, Pakistan, Bangladesh, Indonesia and China, where the growing season is dependent upon the rains brought by the monsoons. The evidence in support of these predictions has now begun to accumulate so massively that meteorologists are hard-pressed to keep up with it.

In England, farmers have seen their growing season decline by 2 weeks since 1950, with the result overall loss in grain production estimated up to 100,000 tons every year. During this same time, the average temperature around the equator has arisen by a fraction of a degree, a fraction that in some areas can mean drought and desolation.

Last April, the most devastating outbreak of tornadoes ever recorded, 148 twisters, killed more than 300 people and caused one-half billion dollars worth of damage in 13 States in the United States.

To scientists, these seemingly disparate incidents represent the advanced signs of a fundamental change in the world's weather. The central fact—and you note here, Mr. Speaker, it is a fact. It says: The central fact is that after three-quarters of a century of extraordinarily mild conditions, the earth's climate is beginning to cool down. That is right, Mr. Speaker, this article says the world is cooling down.

Meteorologists disagree about the cause and extent of this cooling trend as well as over its specific impact on local weather conditions, but they are almost unanimous in the view that the trend will produce agricultural productivity for rest of the century. If the climate change is as profound as some of the pessimists fear, the resulting famines could be catastrophic. A major climate change would force economic and social adjustments on a worldwide scale, warns a recent report by the National Academy of Science.

This article goes on and on, Mr. Speaker, to talk about the new Ice Age affecting the world; how we are going to have a new Ice Age that will come to the United States, all parts of the world, how our whole attitude about the world will change because it will be a cold place. Basically, Mr. Speaker, Newsweek in 1975, April 28, said we are all going to freeze in the dark.

Now the people who said this—and I remember all of this taking place back in the seventies, and I believed this nonsense, that we are all going to freeze, that the Earth is getting colder, and that we can't do anything about it and that it will never correct itself. I believed all that, as did a lot of other

Americans, because it was based on, as this article says, scientific fact that the earth is getting colder. And these same people in 1975 that predicted that the earth was going to get colder are the same people today, in the year 2009, saying just the opposite: That the earth is getting hot. We are all going to roast. It is the same global warming crowd.

The difference is a few years have passed. And our attention span is so short as Americans, and other people in the world, we forget these predictions that occurred just 33 years ago. And that is unfortunate.

The people in the weather business, meteorologists, for example, who predicted the global warming and some that predicted the earth getting colder are the same people who can't predict tomorrow's weather. You know, these folks are the only people that I know of in our culture that can be consistently wrong and keep their jobs, but they do. They can't predict tomorrow's weather, but they are telling us, we are all going to roast because of global warming. I am not so sure that that is true.

The article goes ahead and points out that the earth is already one-sixth of the way toward the new Ice Age. And, of course, history proved the experts in 1970 wrong; that we did not all freeze. Now, in fact, they are predicting the opposite.

Mr. Speaker, last week we had the global warming crowd here in Washington, D.C., protesting how we provide energy for this building. Now I have nothing against folks who want to peaceably assemble and talk about issues. That is great. That is part of the American way. But it is interesting, they showed up on a day, March 2, where we had 10 inches of snow and one of the coldest days in recorded history in Washington, D.C., 18 degrees, and they were here protesting the way we find energy for this Capitol. And it is how inconsistent the global warming crowd is. They are against everything that produces energy, especially those bad, nasty oil companies.

They were wearing, and I thought this was interesting, green hard hats. Which is fine. I asked one of the young ladies that was with the group, do you know what that hard hat is made out of? And she said, plastic. And I said, what do you think plastic is made out of? And she said, well, plastic is made out of plastic.

Contrary to what some people believe, plastic is not an element. It is not a mineral. Plastic, like many things that we see every day, is a derivative of crude oil. I told her that, and she didn't understand it or believe it, but whatever. The problem they see is the fact that humans are the problem; that we use energy, and that they wish to, I guess, eliminate humans on this earth because we are the problem, they say, in global warming.

Well, first of all, global warming is not a scientific fact even though some