

been suggested as contributing to the current mortgage market difficulties. Among these are declining home values, incentives for originators to place loan quantity over quality, and inadequate risk management of complex financial instruments. The available evidence to date, however, does not lend any support to the argument that CRA is to blame for causing the subprime loan crisis.”

Mr. Speaker, I submit the November 25, 2008, letter to Senator MENENDEZ for the RECORD.

BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM,
Washington, DC, November 25, 2008.

Hon. ROBERT MENENDEZ,
U.S. Senate,
Washington, DC.

DEAR SENATOR: Thank you for your letter of October 24, 2008, requesting the Board's view on claims that the Community Reinvestment Act (CRA) is to blame for the subprime meltdown and current mortgage foreclosure situation. We are aware of such claims but have not seen any empirical evidence presented to support them. Our own experience with CRA over more than 30 years and recent analysis of available data, including data on subprime loan performance, runs counter to the charge that CRA was at the root of, or otherwise contributed in any substantive way to, the current mortgage difficulties.

The CRA was enacted in 1977 in response to widespread concerns that discriminatory and often arbitrary limitations on mortgage credit availability were contributing to the deteriorating condition of America's cities, particularly lower-income neighborhoods. The law directs the four federal banking agencies to use their supervisory authority to encourage insured depository institutions—commercial banks and thrift institutions that take deposits—to help meet the credit needs of their local communities including low- and moderate-income areas. The CRA statute and regulations have always emphasized that these lending activities be “consistent with safe and sound operation” of the banking institutions. The Federal Reserve's own research suggests that CRA covered depository institutions have been able to lend profitably to lower-income households and communities and that the performance of these loans is comparable to other loan activity.

Further, a recent Board staff analysis of the Home Mortgage Disclosure Act and other data sources does not find evidence that CRA caused high default levels in the subprime market. A staff memorandum discussing the results of this analysis is included as an enclosure.

Sincerely,

BEN BERNANKE.

Enclosure.

Yet the myth is perpetuated over and over again by my Republican colleagues.

We appreciate this opportunity, the newly elected Members of the Democratic class, to give an analysis of how we got here in terms of the mortgage crisis, how the mortgage crisis has led to the bank failures in this country, how we are now here to help pick up the pieces.

We were elected in November, along with the President, to work on solutions, to quit turning a blind eye to the economic crisis in this country.

But we know, over and over again, and I certainly saw it as a State legis-

lator, when we asked for Federal intervention in the markets, when we asked for Federal intervention when it came to foreclosures, there was only silence coming from Washington D.C.

On Thursday we have an opportunity. On Thursday we have an opportunity to pass antipredatory lending legislation that will make a difference, that will make a difference for every American family. And it is my hope that finally, in the spring of 2009, the Federal Government will step up to its responsibility and pass antipredatory lending legislation and pass a law that will be signed by this President to protect homeowners across the country.

WE MUST NOT IGNORE CONTINUING THREATS TO ISRAEL'S SURVIVAL

The SPEAKER pro tempore (Mr. KISSELL). Under a previous order of the House, the gentlewoman from Florida (Ms. ROS-LEHTINEN) is recognized for 5 minutes.

Ms. ROS-LEHTINEN. Mr. Speaker, yesterday this House voted to commemorate the 61st anniversary of Israel's independence. However, even as we recognize this historic occasion, we must not ignore the continuing threats to Israel's very survival, the greatest dangers presented by the radical regime in Tehran whose leader, Mr. Ahmadinejad, has repeatedly denied the Holocaust, as all of us know, and has called for Israel to be wiped off the map.

More recently, at last month's Durban II hate-fest in Geneva, Ahmadinejad reminded us of his regime's goals when he savagely attacked Israel, stating that “world Zionism personifies racism,” and called Israel the “most racist” regime.

These are not mere idle words, Mr. Speaker. Ahmadinejad and his fellow thugs have long sought to make good on their call for Israel's elimination by sponsoring violent Islamic extremist groups and pursuing nuclear, chemical, biological and missile capabilities. In the face of such a menace to our strong, democratic ally, Israel, and to our vital interest in the Middle East, the U.S. and other responsible nations must not stand idly by. We cannot accept the prospect of an emboldened nuclear Iranian regime.

We must close loopholes in U.S. and international sanctions so as to deny the regime all remaining lifelines for their economy and compel it to abandon its destructive policies.

Further, we should realize that the existential threats to Israel, and the obstacles to peace, begin with Iran; but, sadly, they do not end there.

We must learn history's lesson that we will not achieve peace by engaging with these Islamic militant groups like the Iranian proxy, Hamas, or by recognizing a Palestinian Authority government that includes Hamas.

In standing with the Jewish state against those who seek to destroy it,

we should above all do no harm. Unfortunately, proposed funding for the Palestinian Authority, the West Bank and Gaza is included in the emergency supplemental, which would be before this floor in a matter of days; and it does not meet that standard of do no harm.

It would provide, in fact, hundreds of millions of dollars of assistance in Gaza, thereby essentially providing a bailout for Hamas, enabling Hamas to divert its funds from reconstruction and put it, instead, to the purchase of arms. It would reward and bankroll a Palestinian Authority that has proven itself unwilling or unable to fulfill its responsibilities.

When considering assistance to the Palestinian Authority, Mr. Speaker, we need to judge their leaders by their words, and by their acts as well. Just last week Palestinian Authority leader Abu Mazen reiterated his refusal to recognize Israel as a Jewish state. He said the same thing last year and the year before that, and there is no reason to think that more U.S. assistance will cause him to have a change of heart in the future.

Indeed, Abu Mazen and other senior Palestinian Authority officials have repeatedly emphasized that they do not expect Hamas or other violent Islamic groups to recognize Israel at all.

Instead, Abu Mazen bragged last year about his many years of leading and supporting violence against Israel, claiming that “I have the honor to be the one to fire the first bullet in 1965.”

But this should come as no surprise, Mr. Speaker. In 2005, when campaigning for the leadership of the PA, he echoed Arafat and Hamas by referring to Israel as the Zionist enemy. A Palestinian transparency organization reported last month that many forms of favoritism, nepotism, misappropriation of public money and abuse of public position continued to impact many sectors of the Palestinian society.

□ 1745

If Palestinian leaders will not uphold their commitments to uproot violent extremism, to stop corruption, to recognize Israel's right to exist as a Jewish democratic state, they should not receive 1 cent of U.S. taxpayer dollars. The proposed supplemental, however, would provide \$200 million in direct cash transfers to the P.A. Let's stop this bill, Mr. Speaker. It does not do justice to the U.S. nor to Israel.

DOMESTIC ENERGY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentleman from Illinois (Mr. SHIMKUS) is recognized for 60 minutes as the designee of the minority leader.

Mr. SHIMKUS. Mr. Speaker, it is great to be down here, and I am going to turn immediately to my colleague, Dr. PAUL BROWN from Georgia, to talk on the cap-and-tax, global climate change, destruction of jobs in America,