

way anyone can explain to me and give me comfort about these charges and make me believe this is a legitimate expense of the Federal Government. Yes, she needs insoles; but at \$16 versus about \$50-plus, I think we can find a way to not only make her walk comfortably but save the Federal Government a ton of money. Therein lies the opportunity to provide a prescription drug coverage for our seniors who need it.

CORPORATE GOVERNANCE

The SPEAKER pro tempore. Pursuant to the order of the House of January 23, 2002, the gentleman from Washington (Mr. INSLEE) is recognized during morning hour debates for 5 minutes.

Mr. INSLEE. Mr. Speaker, I sat in with the Financial Services Committee at our WorldCom hearing yesterday; and if you heard a sense of outrage from the Members on both sides of the aisle, it mirrored the outrage of the American public who have seen their savings go down the drain while there has been so much malfeasance in the accounting and auditing practices in our corporate boardrooms. It is very disturbing because this has created a substantial lack of confidence in our capital markets system. It is clear that we have a very systemic problem we have got to fix. It seems to me that this is a time for action that Teddy Roosevelt would have taken. Teddy Roosevelt did not say, Speak loudly and carry a small twig. He put it a different way. So today when the President addresses the Nation and Wall Street about how we are going to work ourselves out of this terrible situation, I hope that he will be guided much more by Teddy Roosevelt and much less by Calvin Coolidge. What I mean by that is we need him not just to speak loudly, which I am very confident he will do, we need him to act with great fervor. We need action, not just language.

Today I would suggest that a Teddy Roosevelt approach to this problem would involve six separate actions, not just speeches. We hope that the President will join us in the Democratic Party who propose these actions.

First, I think Teddy Roosevelt would be getting America a new director of the Securities and Exchange Commission. The present director of that organization, Mr. Harvey Pitt, is a man of great intelligence; but America needs more than that. America needs an agent of change at the helm of the Securities and Exchange Commission. We cannot have a leader of the Securities and Exchange Commission that we have to drag kicking and screaming every time that we need to do some modest, commonsense regulation of the industries that Mr. Pitt used to represent and work for. Unfortunately, Mr. Speaker, Mr. Pitt has drug his feet time and time again to take even the most modest efforts to deal with these

systemic problems. We hope that we have new leadership at that helm.

Second, I am convinced Teddy Roosevelt would impose the sternest criminal sanctions on the corporate people and accountants who failed to abide by their responsibilities, who consciously, intentionally defraud investors. I am confident the President will call for jail time for these scofflaws. But we need more than simply maximum times in jail. We need minimum times in jail. Here is the reason I say that. We need mandatory jail times for these flimflam artists. The reason is that all too often in white collar crime, these white collar criminals go up to the judge and says, he was a good man, he belonged to a great country club, he gave money to charity and they do not see the inside of a penitentiary. If you sell 50 grams of crack cocaine, you get 10 years mandatory, no ifs, ands, or buts. It ought to be the same rule for these people who have destroyed the retirement incomes of thousands of Americans. The President should do no less than mandatory minimum jail times.

Third, it is not just that we have people breaking the rules; we do not have the right rules in our accountancy and auditing system. We need new rules. So the third thing we should do is we need to divorce the consulting aspects of accounting from the auditing aspects of accounting.

Mr. Speaker, I have sat through, I think now, 12 hearings about these disasters. The one thing they almost all have in common is the people who are supposed to be auditing these corporations were also making millions of dollars providing the same corporations they are supposed to be riding herd on, providing them consulting advice. We found that this creates just too many disincentives for rigorous auditing. At a minimum, at an absolute minimum, we should require the auditing committee to agree to those multiple contracts before they allow people to provide those two services. This is a systemic problem, and it is something we have got to fix.

Fourth, we need an independent public accountancy board. It is important that it be independent. It needs to be independent of the organizations that it regulates. We need that quickly.

Fifth, we need CEOs to have to certify their financial records so that they are personally responsible.

And, sixth, and this is very important, Mr. Speaker, we need stock analyst independence, independent from the investment banking side.

Mr. Speaker, I am confident Teddy Roosevelt would take all six of these steps today. I hope the President will do so. America deserves no less.

PRESIDENT TO ADDRESS NATION ON CORPORATE GOVERNANCE

The SPEAKER pro tempore. Pursuant to the order of the House of January 23, 2002, the gentleman from Or-

egon (Mr. DEFazio) is recognized during morning hour debates for 5 minutes.

Mr. DEFazio. Mr. Speaker, we are waiting now and in about 15 minutes the President will give a speech where he is expected to address the corporate meltdown, where millions of Americans have been defrauded of their stock holdings and their 401(k)s, thousands have lost their jobs and a few have profited mightily. The President says he wants to get tough. We are going to hear a lot of talk about watchdogs and teeth and enforcement and maybe putting some people in jail. Maybe. Probably not.

But the real question is, is he serious? Until recently, of course, the President and Vice President CHENEY had been touting their corporate experience and ties. Mr. Lay of Enron fame was called Ken Boy and was given unlimited access to the White House and the Oval Office. He is persona non grata now, perhaps. But are they serious? Unfortunately, the early indications are the President is not serious, but he is covering his political butt. That is because he is saying the SEC, which of course until recently he had stiffed in his budget, the Securities and Exchange Commission, the official watchdog of the United States of America over corporate malfeasance, which has been dramatically underfunded, yet the President proposed in his budget to not increase their funding, in fact give them a zero budget increase. Now he is going to propose a budget increase. That is good; so maybe he is serious.

But then he goes on to say the head of the SEC is doing a great job. This guy's name is Harvey Pitt. Harvey Pitt represented most of the firms and the individuals who are now taking the fifth amendment before Congress. In fact, in a recent action before the Securities and Exchange Commission, the toothless watchdog that we have on guard, headed by Mr. Pitt, appointed by Mr. Bush, who Mr. Bush says he has utmost confidence in, found, this is amazing, actually found that a firm, Ernst & Young, had violated its duty to remain independent from companies it audits. That is good.

But guess what? The finding which would ultimately in fact have involved a substantial fine was thrown out by an administrative law judge. Why? Because the facts were not right? No. Because they had not committed the malfeasance? No. Because Mr. Pitt is so conflicted that he could not vote and also Cynthia Glassman, the other SEC commissioner, was not allowed to vote, either, because they both had intimate ties with this firm. They had represented them, worked with them; and when they leave their so-called public service, they will represent them again as \$500- or \$1,000-an-hour lawyers.

So this company got off the hook because only one commissioner, the one appointed by President Clinton, could vote. The judge said, There were three

of you there and only one of you voted. I'm throwing out the judgment against Ernst & Young. This is the watchdog that the President has ultimate confidence in, a man who is so conflicted from his previous work, who represented many of these same securities firms, many of these same accounting firms, many of these same corporations and CEOs, he is so conflicted that when he was asked recently was it not a conflict of interest for him to meet with some officials from Xerox while there was an ongoing investigation, this is Harvey Pitt, our watchdog, our public servant. He said, If I recuse myself from meeting with everybody who I had represented or had personal relationships with, I wouldn't be able to meet with anybody. That is the man in whom President Bush is supposedly going to invest more authority to investigate and prosecute, a man who just came from representing these people and as soon as he is done with his public service will return to representing these same miscreants.

This certainly does not give me a great deal of confidence in the independent role and the aggressive role of the Securities and Exchange Commission; and it does not give me a great deal of confidence that the President is really serious about what he is doing here. Certainly there is a lot of political butt to be covered. Yes, he is doing a good job of that. But will he get serious? If he does not announce that he is removing Mr. Pitt, that he is going to have people who do not have conflicts of interest in charge of investigating and prosecuting these companies, people who could actually vote to prosecute, who would not have to recuse themselves because of those conflicts, then we will know he is serious. In 10 minutes we will hear.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until noon today.

Accordingly (at 11 o'clock and 18 minutes a.m.), the House stood in recess until noon.

□ 1200

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. ISAKSON) at noon.

PRAYER

The Chaplain, the Reverend Daniel P. Coughlin, offered the following prayer: Lord our God, protect us and guide us as a free people who turn to You in faith and prayer and who strive to grow in virtue and integrity. At this time of cultural, economic and social change, be with the Members of the House of Representatives in all their undertakings today. May the recent celebra-

tion of the birth of this Nation 226 years ago renew all hearts in the same spirit that guided the signers of the Declaration of Independence and the Framers of this country's Constitution. May their goals and purposes still serve and guide every informed decision here today and across this Nation. "Let us, the people of the United States, in order to form a more perfect union, establish justice, ensure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty for ourselves and our posterity." Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Nevada (Mr. GIBBONS) come forward and lead the House in the Pledge of Allegiance.

Mr. GIBBONS led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

The SPEAKER pro tempore laid before the House the following communication from the chairman of the Committee on Transportation and Infrastructure; which was read and, without objection, referred to the Committee on Appropriations:

HOUSE OF REPRESENTATIVES, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,

Washington, DC, June 27, 2002.

Hon. J. DENNIS HASTERT,

Speaker of the House, Capitol, Washington, DC.

DEAR MR. SPEAKER: Enclosed are copies of resolutions adopted on June 26, 2002 by the Committee on Transportation and Infrastructure. Copies of the resolutions are being transmitted to the Department of the Army.

Sincerely,

DON YOUNG,
Chairman.

Enclosures.

RESOLUTION (DOCKET 2684)

BIG SUAMICO RIVER, WISCONSIN

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army is requested to review the report of the Chief of Engineers on the Big Suamico River, Wisconsin, published as House Document 498, 74th Congress, 2nd Session, and other pertinent reports, to determine whether modifications to the recommendations contained therein are advisable in the interest of navigation improvements to Big Suamico River, Wisconsin, to include extension of navigation channel up the Big Suamico River for use by shallow draft craft.

Adopted: June 26, 2002.

Attest: Don Young, Chairman.

RESOLUTION (DOCKET 2685)

OCONTO HARBOR, WISCONSIN

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army is requested to review the report of the Chief of Engineers on the Oconto Harbor, Wisconsin, published as House Document 538, 61st Congress, 2nd Session, and other pertinent reports, to determine whether modifications to the recommendations contained therein are advisable in the interest of navigation improvements to Oconto Harbor, Wisconsin, to include extension of navigation channel up the Oconto River for use by shallow draft craft.

Adopted: June 26, 2002.

Attest: Don Young, Chairman.

RESOLUTION (DOCKET 2686)

MILLIKEN-SACRO-TULOCAY BASIN, CALIFORNIA

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army is requested to review the report of the Chief of Engineers on the Napa River Basin, California, published as House Document 222, Eighty-ninth Congress, First Session, to determine whether modifications of the recommendations contained therein are advisable in the interest of ecological recovery of the Milliken-Sacro-Tulocay groundwater basin, environmental restoration and protection of the Milliken-Sacro-Tulocay basin streams and Napa River, as well as flood damage reduction and other purposes.

Adopted: June 26, 2002.

Attest: Don Young, Chairman.

RESOLUTION (DOCKET 2687)

LOWER WILLAMETTE RIVER WATERSHED,
OREGON

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army is requested to review the report of the Chief of Engineers on the Columbia and Lower Willamette Rivers below Vancouver, Washington, and Portland, Oregon published as House Document Number 452, 87th Congress, 2nd Session, and other pertinent reports, to determine the feasibility of providing ecosystem restoration measures in the Lower Willamette River watershed from the Willamette Locks to confluence of the Willamette River with the Columbia River through the development of a comprehensive restoration strategy development in close coordination with the City of Portland, Port of Portland, the State of Oregon, local governments and organizations, Tribal Nations and other Federal agencies.

Adopted: June 26, 2002.

Attest: Don Young, Chairman.

RESOLUTION (DOCKET 2688)

MISSISSIPPI RIVER PROJECTS, ILLINOIS AND
MISSOURI

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army is requested to review the report of the Chief of Engineers on the Mississippi River between Coon Rapids Dam, Minnesota, and the Mouth of the Ohio River, published as House Document 669, 76th Congress, 3rd Session, and other pertinent reports, to determine whether modifications of the recommendations contained therein are advisable in the interest of environmental restoration and protection, aquatic habitat restoration, regional trails and greenways, public access, water quality, recreation and related purposes along the Mississippi River