

"He was a pioneer in our foreign service and a driving force behind our membership in the OAS in 1967 and he ably performed the duties of Ambassador in Venezuela when we opened a mission in Caracas in 1974," said King. "He was a mentor to many people. He was able to use his brilliance as a teacher to encourage many young diplomats to develop their careers in the area of representation."

Less than four years ago at a ceremony in which he was being awarded the Order of Christopher Columbus by the Dominican Republic, Luigi R. Einaudi, at the time the OAS Assistant Secretary-General, described McComie as a visionary, who like Columbus "sailed uncharted waters, who came to harbors that became the ports and bridges of the future." But it was Barbados' Prime Minister, Owen Arthur, who best summed up McComie record, when he told the OAS General Assembly in Barbados in 2002 that "his contribution as an educator in Barbados and St. Kitts-Nevis helped to encourage many key decision-makers in newly independent states to become more aware of our Latin neighbors at a time when political contact could have been said to be almost nonexistent."

Little wonder, then, that the Barbados leader, speaking for the entire Caribbean told him "Val, we all owe you debt of gratitude for having the foresight of and appreciation for the value of cross-cultural contact."

PERSONAL EXPLANATION

HON. JULIA CARSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 22, 2007

Ms. CARSON. Madam Speaker, on Monday, May 21, 2007, I was unable to vote on roll No. 384 and No. 385 as a result of my flight, US Airways #3088, being delayed 65 minutes. Had I been present, I would have voted "Yes" on both.

RECOGNIZING RAINDROP TURKEVI FOUNDATION

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 22, 2007

Ms. EDDIE BERNICE JOHNSON of Texas. Madam Speaker, I rise today to recognize the efforts of the Raindrop Turkevi Foundation of Dallas, TX.

As a non-profit, relatively new organization, the Raindrop Turkevi Foundation of Dallas is committed to facilitating common ground amongst diverse communities and assisting Turkish Americans in the Dallas area. The Foundation provides Turkish Americans with various resources in order for them to prosper socially and culturally.

In regard to education, the Raindrop Turkevi Foundation hosts various cultural scholarship opportunities and creates programs that benefit the Turkish-American Youth, such as K-12 and SAT tutoring, ESL classes, Turkish classes, and college advising. As for social development, the foundation holds conferences that promote diversity.

In collaboration with various local entities, the Raindrop Turkevi Foundation hosts meaningful events as well. It sponsors and cosponsors ethnic picnics and organizes athletic

events for children, such as weekly soccer games.

All in all, this organization's benevolent objectives and current exploits make it an invaluable member to the Dallas area. The Raindrop Turkevi Foundation has playing an integral part in aiding the success of the Turkish American population and unionizing different communities in Texas.

On behalf of the 30th Congressional District of Texas, I am honored to recognize and commend Raindrop Turkevi of Dallas for accepting all ethnicities and for their leadership and hard work in the Dallas community as well as in the great State of Texas.

PERSONAL EXPLANATION

HON. MIKE PENCE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 22, 2007

Mr. PENCE. Madam Speaker, I was unable to vote on May 21, 2007. Had I been present, I would have voted in the following manner:

Rollcall 384 (On Motion to Suspend the Rules and Pass, as Amended—H.R. 698) "aye"; and

Rollcall 385 (On Motion to Suspend the Rules and Pass—H.R. 4096)—"aye."

COPS IMPROVEMENT ACT OF 2007

SPEECH OF

HON. DAVE WELDON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 15, 2007

Mr. WELDON of Florida. Mr. Speaker, recently, the House considered legislation to reauthorize the Community Oriented Police, COPS, program. Unfortunately, this bill was brought up for consideration with no opportunity to amend and improve the bill. Rather than allowing an open discussion and amendment process, it was a take it or leave it choice that Members were given.

In reauthorizing this program little has been done to address the glaring shortcomings of the program as pointed out in audits by The Department of Justice Office of Inspector General, OIG, the Government Accountability Office, GAO, and other independent analyses—including one by the USA Today newspaper. Before tripling a program that the Office of Management and Budget has graded as "Not Performing: Results Not Demonstrated," members should have been given an opportunity to consider amendments aimed at improving this bill. This is particularly important at a time when the size of the program is being tripled from an appropriation of about \$540 million in 2007 to nearly \$1.5 billion within 5 years.

These audits point out that New York City, the largest recipient of COPS funding—\$422 million—actually has 300 fewer officers today than they did before they received \$422 in Federal tax dollars. In 1994, New York City had 36,693 officers, yet by 2004 this had dropped by 321 officers to 36,372. The audit shows that Miami, while receiving over \$45 million, increased their police force by only 21 officers. That works out to over \$2 million per officer according to the audit.

Since the creation of this program in 1994, over \$13 billion has been spent on the COPS program. While some of that funding has been well spent, I am concerned that audits determined that, at a minimum, hundreds of millions of dollars were misspent. We have a responsibility to the taxpayers to make sure that the money that the Federal Government takes from them is not misspent.

Analyses showed that in spite of spending \$6 billion dollars in the first 6 years of the program, COPS fell short of placing 100,000 police on the streets. While the GAO found that the shortfall was about 12 percent, when you factor in historical hiring trends, the number of new police on the streets is far less. In fact, the Heritage Foundation analysis found when these historical police hiring trends are accounted for, the actual number of new police on the street nationwide is somewhere between 7,000 and 39,000—less than half of what was promised.

While the COPS grants were not supposed to supplant local funds, the U.S. Department of Justice OIG audit of expenditures found that grant recipients routinely supplanted local funding with COPS grants: simply allowing the Federal Government to pick up the tab for what they otherwise would have and should have paid for. The OIG audit of 147 high-risk grants found that 41 percent used the COPS grant to supplant local funds.

An investigative report by USA Today found in an audit of 3 percent of COPS grants that \$277 million was misspent and "tens of thousands of jobs funded by the grants were never filled, or weren't filled for long." This is particularly concerning given that my constituents, who happen to be net donors to this program, receive less than half of their equitable share of Federal COPS grants.

Finally, the purpose of the COPS program was to reduce crime. While many of the grant recipients saw a reduction in crime, a USA Today analysis found that crime fell at the same rates in communities that did not get COPS grants.

So, before we all embrace a bill that triples the size of this program, we should first make sure that we are being responsible with taxpayer dollars and getting the most out of every dollar. I am not sure the bill before us does that.

FEDERAL HOUSING FINANCE REFORM ACT OF 2007

SPEECH OF

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2007

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1427) to reform the regulation of certain housing-related Government-sponsored enterprises, and for other purposes.

Mr. PAUL. Mr. Chairman, H.R. 1427 fails to address the core problems with the Government Sponsored Enterprises, GSEs. Furthermore, since this legislation creates new government programs that will further artificially increase the demand for housing, H.R. 1427 increases the economic damage that will occur from the bursting of the housing bubble.

The main problem with the GSEs is the special privileges the Federal Government gives the GSEs. According to the Congressional Budget Office, the housing-related GSEs received almost 20 billion dollars worth of indirect Federal subsidies in fiscal year 2004 alone, while Wayne Passmore of the Federal Reserve estimates the value of the GSE's Federal subsidies to be between \$122 and \$182 billion dollars.

One of the major privileges the Federal Government grants to the GSEs is a line of credit from the United States Treasury. According to some estimates, the line of credit may be worth over 2 billion dollars. GSEs also benefit from an explicit grant of legal authority given to the Federal Reserve to purchase the debt of the GSEs. GSEs are the only institutions besides the United States Treasury granted explicit statutory authority to monetize their debt through the Federal Reserve. This provision gives the GSEs a source of liquidity unavailable to their competitors.

This implicit promise by the Government to bail out the GSEs in times of economic difficulty helps the GSEs attract investors who are willing to settle for lower yields than they would demand in the absence of the subsidy. Thus, the line of credit distorts the allocation of capital. More importantly, the line of credit is a promise on behalf of the Government to engage in a massive unconstitutional and immoral income transfer from working Americans to holders of GSE debt.

The connection between the GSEs and the Government helps isolate the GSEs' managements from market discipline. This isolation from market discipline is the root cause of the mismanagement occurring at Fannie and Freddie. After all, if investors did not believe that the Federal Government would bail out Fannie and Freddie if the GSEs faced financial crises, then investors would have forced the GSEs to provide assurances that the GSEs are following accepted management and accounting practices before investors would consider Fannie and Freddie to be good investments.

Federal Reserve Chairman Alan Greenspan has expressed concern that the government subsidies provided to the GSEs makes investors underestimate the risk of investing in Fannie Mae and Freddie Mac. Although he has endorsed many of the regulatory "solutions" being considered here today, Chairman Greenspan has implicitly admitted the subsidies are the true source of the problems with Fannie and Freddie.

Mr. Chairman, H.R. 1427 compounds these problems by further insulating the GSEs from market discipline. By creating a "world-class" regulator, Congress would send a signal to investors that investors need not concern themselves with investigating the financial health and stability of Fannie and Freddie since a "world-class" regulator is performing that function.

However, one of the forgotten lessons of the financial scandals of a few years ago is that the market is superior at discovering and punishing fraud and other misbehavior than are government regulators. After all, the market discovered, and began to punish, the accounting irregularities of Enron before the government regulators did.

Concerns have been raised about the new regulator's independence from the Treasury Department. This is more than a bureaucratic

"turf battle" as there are legitimate worries that isolating the regulator from Treasury oversight may lead to regulatory capture. Regulatory capture occurs when regulators serve the interests of the businesses they are supposed to be regulating instead of the public interest. While H.R. 1427 does have some provisions that claim to minimize the risk of regulatory capture, regulatory capture is always a threat where regulators have significant control over the operations of an industry. After all, the industry obviously has a greater incentive than any other stakeholder to influence the behavior of the regulator.

The flip side of regulatory capture is that managers and owners of highly subsidized and regulated industries are more concerned with pleasing the regulators than with pleasing consumers or investors, since the industries know that investors will believe all is well if the regulator is happy. Thus, the regulator and the regulated industry may form a symbiosis where each looks out for the other's interests while ignoring the concerns of investors.

Furthermore, my colleagues should consider the constitutionality of an "independent regulator." The Founders provided for three branches of government—an executive, a judiciary, and a legislature. Each branch was created as sovereign in its sphere, and there were to be clear lines of accountability for each branch. However, independent regulators do not fit comfortably within the three branches; nor are they totally accountable to any branch. Regulators at these independent agencies often make judicial-like decisions, but they are not part of the judiciary. They often make rules, similar to the ones regarding capital requirements, that have the force of law, but independent regulators are not legislative. And, of course, independent regulators enforce the laws in the same way, as do other parts of the executive branch; yet independent regulators lack the day-to-day accountability to the executive that provides a check on other regulators.

Thus, these independent regulators have a concentration of powers of all three branches and lack direct accountability to any of the democratically chosen branches of government. This flies in the face of the Founders' opposition to concentrations of power and government bureaucracies that lack accountability. These concerns are especially relevant considering the remarkable degree of power and autonomy this bill gives to the regulator. For example, in the scheme established by H.R. 1427 the regulator's budget is not subject to appropriations. This removes a powerful mechanism for holding the regulator accountable to Congress. While the regulator is accountable to a board of directors, this board may conduct all deliberations in private because it is not subject to the Sunshine Act.

Ironically, by transferring the risk of widespread mortgage defaults to the taxpayers through Government subsidies and convincing investors that all is well because a "world-class" regulator is ensuring the GSEs' soundness, the Government increases the likelihood of a painful crash in the housing market. This is because the special privileges of Fannie and Freddie have distorted the housing market by allowing Fannie and Freddie to attract capital they could not attract under pure market conditions. As a result, capital is diverted from its most productive uses into housing. This reduces the efficacy of the entire market and

thus reduces the standard of living of all Americans.

Despite the long-term damage to the economy inflicted by the Government's interference in the housing market, the Government's policy of diverting capital into housing creates a short-term boom in housing. Like all artificially created bubbles, the boom in housing prices cannot last forever. When housing prices fall, homeowners will experience difficulty as their equity is wiped out. Furthermore, the holders of the mortgage debt will also have a loss. These losses will be greater than they would have been had government policy not actively encouraged overinvestment in housing.

H.R. 1427 further distorts the housing market by artificially inflating the demand for housing through the creation of a national housing trust fund. This fund further diverts capital to housing that, absent Government intervention, would be put to a use more closely matching the demands of consumers. Thus, this new housing program will reduce efficacy and create yet another unconstitutional redistribution program.

Perhaps the Federal Reserve can stave off the day of reckoning by purchasing the GSEs' debt and pumping liquidity into the housing market, but this cannot hold off the inevitable drop in the housing market forever. In fact, postponing the necessary and painful market corrections will only deepen the inevitable fall. The more people are invested in the market, the greater the effects across the economy when the bubble bursts.

Instead of addressing Government policies encouraging the misallocation of resources to the housing market, H.R. 1427 further introduces distortion into the housing market by expanding the authority of Federal regulators to approve the introduction of new products by the GSEs. Such regulation inevitability delays the introduction of new innovations to the market, or even prevents some potentially valuable products from making it to the market. Of course, these new regulations are justified in part by the GSEs' government subsidies. We once again see how one bad intervention in the market (the GSEs' government subsidies) leads to another (the new regulations).

In conclusion, H.R. 1427 compounds the problems with the GSEs and may increase the damage that will be inflicted by a bursting of the housing bubble. This is because this bill creates a new unaccountable regulator and introduces further distortions into the housing market via increased regulatory power. H.R. 1427 also violates the Constitution by creating yet another unaccountable regulator with quasi-executive, judicial, and legislative powers. Instead of expanding unconstitutional and market distorting government bureaucracies, Congress should act to remove taxpayer support from the housing GSEs before the bubble bursts and taxpayers are once again forced to bailout investors who were misled by foolish Government interference in the market.

PERSONAL EXPLANATION

HON. JEFF FORTENBERRY

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 22, 2007

Mr. FORTENBERRY. Madam Speaker, on Monday, May 21, 2007, I was unavoidably detained and thus I missed rollcall votes Nos.