

nothing there. It's flat. There's not a better place on earth to drill because there's nothing there. Animals can't live there. If the caribou come, they have to pass through immediately because there's nothing there to live on. Drill there. We'd have a tiny footprint, and we were told that immediately we'd have 250,000 new jobs, and by the time they were ready for production, there would be 1 million new jobs. There's a third of President-elect Obama's promise of 3 million new jobs, and we don't have to give money away. We don't have to increase taxes. The private sector will take care of it. All we have to make sure is the environmental concerns are addressed so that we don't hurt the environment.

We could increase the jobs immediately by opening up more of the Outer Continental Shelf. What an incredible stimulus that would be.

A Boston Herald editorial said, a real stimulus bill—the expiring tax cuts are tax increases and history shows that tax increases in a recession, depression or recovery can be deadly. We should not go there.

I often look at the seal on the dollar bill. It has a pyramid with a triangular eye actually at the top, representing the all-seeing eye of God, and the Latin phrase “annuit coeptis”. That's Latin meaning He, God, has smiled on our undertaking.

When we saddle those dear, sweet children that are alive today and their children with debt because we would not do the right thing, I don't see how God or anybody else can smile on our undertaking. We need to get back to things that bring smiles.

MIDDLE EAST AND THE ECONOMY

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

Mr. SHERMAN. Madam Speaker, I plan to use the first two-thirds of my time to focus on events in the Middle East and then the final third to focus on our economy. I would invite my colleagues who wish to address these subjects to come to the floor. I can yield them a few minutes, but if I don't have any company, I'm capable of speaking for a full hour, as some of my more bored colleagues have already seen proven.

□ 1530

Now, even in an hour-long presentation, I am not going to be able to present all of the facts to support my position, and so I invite my colleagues to visit Brad.Sherman@mail.house.gov.

Now, focusing on the Middle East, we all want peace, we all want a sustainable cease-fire. But, instead, our televisions show us blood and carnage. Who is to blame? What do we do to cause it to stop?

Now, as to the issue of who is to blame, the press has a remarkably silly

approach. They take pictures of casualties, and they decide whatever side has suffered the most casualties must be in the right. I would point out that if this is the standard we use, America has been in the wrong in every war we have fought since 1812. It is absolutely preposterous to say that whichever side suffers the greater casualties has morality on their side.

Part of this is a misreading of the just war theory that so many modern philosophers have put together, and one of its key elements is proportionality. The press, skimming rather than reading these philosophical texts, comes up with the idea that there must be proportionality of one side's casualties to the other side's casualties. A true reading of just war theory indicates that the proportionality doctrine is that there must be proportionality between the objective that the just side is seeking and the casualties which are unfortunately borne by both sides.

Well, what is the objective that Israel is seeking? First and foremost, the objective is to end a situation where 1 million Israelis every day and every night face daily attempts to kill and maim as many of them as possible. By this standard, this is a just effort by the Israeli Government to safeguard its people.

Now, Hamas has sent, since 2005, well over 6,000 rockets and mortars into southern Israel. Now, I want to clarify one issue as to the number, because often you will hear a figure roughly half of 6,000. That is the correct figure for the number of rockets or for the number of mortars. But if you add together the rockets and the mortars since the year 2005, the number stands well over 6,000.

Why do we pick 2005? That is because that is the time when Israel withdrew completely, unilaterally, without concession, without compensation, from the Gaza Strip, leaving behind valuable assets, which were trampled on rather than used by Hamas extremists.

So we see some 6,000 rockets and mortars from a territory that is hardly under Israeli occupation. We are told that, well, Hamas should be regarded as morally virtuous because so few of these rockets hit their target. It is true that the vast majority of these 6,000 projectiles have failed in their attempts to kill Israeli women and children and civilians, but that doesn't mean that Hamas has good morality. It simply indicates that Hamas has had aim or, more specifically, that they are using ordnance, which is very difficult for them to aim.

Every one of those rockets and mortars had a single objective, kill as many Israeli civilians as possible. Not a single one of them was targeted at the Israeli military. So we are told, well, let us count only the casualties. Let us ignore the over 6,000 attempts at murder from Hamas. We cannot ignore those missiles. From a moral standpoint, it is just as wrong to fire a missile that fails to hit its civilian target as one that does hit its civilian target.

Now, earlier today, the House passed H. Res. 34. The vote was 95 percent in favor, 1 percent against, the remaining percent either voted present or wasn't present, 95 percent to 1 percent. Let us review some of the provisions of that resolution. I will read some, and then I will comment.

“Whereas Hamas was founded with the stated goal of destroying the State of Israel;

“Whereas Hamas has been designated by the United States as a Foreign Terrorist Organization;

“Whereas Hamas has refused to comply with the Quartet's,” and here we are referring to the United States, European Union, Russia and the United Nations, that Quartet's “requirements that Hamas recognize Israel's right to exist.”

Then it goes on to say that Hamas has launched thousands of rockets against Israel's population centers since 2001 and has launched more than 6,000 such rockets and mortars into Israel since Israel withdrew both its military and civilians from Gaza in 2005.

The resolution also states that in June, 2006, after that withdrawal, Hamas illegally crossed into Israel, attacked Israeli forces, and kidnapped Corporal Gilad Shalit, whom they continue to hold today. The resolution then points out that Hamas is getting some very substantial support from Iran, and I will address that later, and is using innocent civilians as human shields.

Let me give one illustration of that, and that is Nizar Rayyan, perhaps one of Hamas' top 5 leaders.

He stored weapons at his home, sophisticated communications designed to act as a communications center for Hamas. So what did Israel do? They called him at his home. They told him that in order to avoid civilian casualties, they were giving him 10 or 15 minutes notice, that's enough time for people to leave the area, but that it was important to Israel to destroy those weapons, to destroy that communications equipment.

What did Mr. Rayyan do? Having boasted that he wanted to die as a martyr, he not only stayed in the house, but he kept with him several of his wives and children. That is the use of innocent human shields at its worst, a man doing everything possible to lead to the death or cause the death of his four wives, of many of his children, all so he could claim that Israel was responsible for the deaths of those civilians.

Let us continue to look at key provisions of the resolution that passed the House.

“Whereas Israel has facilitated humanitarian aid to Gaza with hundreds of trucks carrying humanitarian assistance . . .”

Let me provide the specifics. Just today some 89 humanitarian shipments went from Israel to Gaza, including 2,227 tons of food, medicine, plus 315,000

liters of heavy-duty diesel so that Gaza can operate its power generation station and 143 tons of gas for domestic use. That is what Israel made sure, at risk to its own people, would reach Gaza just today.

Well, how does that compare with combatants in other wars? Look at World War I and World War II.

In each of those wars, the British Navy used its total mastery of the surface of the oceans to blockade Germany. Not a single ship of medicine was allowed to pass across the Atlantic to Germany, not a single ship of food, and, of course, prior to both World War I and World War II, Germany was a major food importer from the western hemisphere.

What did Germany do? They deployed their submarines with the stated purpose of starving the British in both World War I and World War II by sinking as many ships as possible, laden with food, purchased in the new world. So in World War I and in World War II, both combatants from the first day of the war did everything possible to stop a single ship of humanitarian assistance, to use modern nomenclature, to stop a single ship with food or medicine from reaching its destination. Compare Israel to both sides in World War II, risking its own soldiers and civilians in order to help those trucks get through.

The resolution continues with a quotation from Secretary Rice where she said, on January, 2009, January 6, hundreds of thousands of Israelis lived under daily threat of rocket attack and, frankly, no country would be willing to tolerate such a circumstance. Moreover, the people of Gaza watched as insecurity and lawlessness increased and their living conditions grew more dire because of Hamas' actions, which began with the illegal coup against the Palestinian Authority in Gaza. A cease-fire that returns to those circumstances is unacceptable and will not last, will not last.

The U.N. Security Council, passed a resolution last night calling for a sustainable cease-fire. But a cease-fire that returns Hamas to the situation that existed in December is, in the words of our own Secretary of State, unacceptable, because it will not last. The U.N. has called not for a temporary cease-fire, but for a sustainable cease-fire.

Now, the resolution goes on in its resolved clauses to make a number of points. For example, the resolution, in subparagraph 3, "encourages the Administration to work actively to support a durable and sustainable cease-fire in Gaza, as soon as possible, that prevents Hamas from retaining or rebuilding its terrorist infrastructure, including the capability to launch rockets and mortars against Israel."

Paragraph 5 "calls on all nations— "(A) to condemn Hamas for deliberately embedding its fighters, leaders, and weapons in private homes, schools, mosques, hospitals, and otherwise using Palestinian civilians as human

shields, while simultaneously targeting Israeli civilians."

In paragraph 8, the resolution "calls for the immediate release of the kidnapped Israeli soldier Gilad Shalit, who has been illegally held in Gaza since June 2006." I would point out that I, at least, believe that no cease-fire can be regarded as adequate unless it includes the return of Gilad Shalit.

So these are the provisions, and I haven't had a chance to quote them all, but these are what I think are the most important provisions of the resolution passed by this House by a vote of 95 percent to 1 percent. I want to commend Chairman BERMAN and Speaker PELOSI for introducing and writing this resolution, and I was proud to be one of its original cosponsors.

□ 1545

So let us try to review some of the elements that we see on the ground in the Middle East.

Hamas claims to be beleaguered, but it has rejected the U.N. Security Council cease-fire resolution passed last night. Hamas has done everything to increase civilian casualties, including the actions of Mr. Rayyan and including the use of human shields.

Yet in spite of all of Hamas' efforts to increase civilian casualties on both sides, U.N. estimates state that over two-thirds of the Palestinian casualties have been gun-toting militant terrorists, and other estimates put that number at well over three-quarters. It is a testament to everything Israel has done, risking the lives of its own soldiers in order to minimize Palestinian civilian casualties, that well over half, well over two-thirds of the Palestinian casualties, are indeed the militants, not the civilians.

When Hamas launches rockets from a neighborhood, an Israeli sergeant has seconds to decide whether to return fire. Now, there is always a comfortable pundit talking head on television in an air-conditioned studio ready to vilify that decision. But the decision has to be made in seconds by an Israeli sergeant under fire. The moral culpability for civilian casualties cannot be put at the feet of any sergeant. Moral culpability for the horrors of war lies with politicians who seek extreme and unjust ends through violent means.

While Israel seeks to live in peace alongside a Palestinian state, Hamas and its political leaders have as their clearly stated objective to kill or expel every Jew from the Middle East. Hamas proudly waives the banner of genocide and ethnic cleansing. So where do we lay the blame for the casualties that continue? I believe it is not at the feet of the sergeant who is under fire, but rather it is at the feet of the political leaders who insist upon continuing to seek such unjust and extreme ends through violent means.

Now, I have discussed this conflict as if it is a conflict between just Israel and Hamas. It is in fact a conflict of

wider significance, a conflict between the government of Iran and the people and allies of the United States.

The fighting in Gaza has demonstrated Iran's ability and desire to wage war on America and its allies. Hamas is a terrorist organization seeking the destruction of Israel in favor of an Islamic Palestinian state, but it is also a proxy for the Iranian Government. As such, what we see in the Middle East is part of a regional war being waged by the Iranian regime against the United States and its allies.

Many of Hamas' weapons are made in Iran. Many top Hamas military leaders and experts who launched the missiles into Israel were trained in Iran. Iran provides the lion's share of Hamas' funding. It is unlikely that Hamas would be able to achieve its status as the premier Palestinian terrorist organization without backing from Iran.

Iran backed Hamas like Iran backed Hezbollah. It shoots rockets at Israel's civilians from deep inside their own densely populated civilian areas, knowing that any Israeli attempt to defend itself will kill or at least endanger Palestinian civilians. Through Hamas and Hezbollah and through its operatives in Iraq, Iran and its government are able to stir up crises in the Middle East, thus injuring American prestige while helping to achieve Iran's own aims.

We know that Iran is working hard to possess a nuclear bomb. With all that Iran is doing now, with all that it has done as far from its own country as blowing up the Jewish center in the city of Buenos Aires, what will Iran be like if it has nuclear weapons? It will act with impunity. We will go from crisis to crisis between the U.S. and its allies and Iran, and each time we will be staring at a hostile nuclear power.

Now, it is true that the last time we went eyeball-to-eyeball with a hostile nuclear power, namely the Soviet Union, best exemplified by the Cuban missile crisis, we lived to tell about it. But imagine going eyeball-to-eyeball with a regime that is considerably less sane than Mr. Khrushchev, and not having one Cuban missile crisis, but a crisis every time Iran decides to test us, every time it engages in international terrorism? This is a risk Americans should not take.

Finally, what happens if, as so many of us pray, this regime in Tehran feels that it is going to be swept out of power? They may decide to nuke Tel Aviv in an effort to regain popularity among those on the street in Iran, or they may decide to smuggle a weapon into the United States, feeling that if they are going to go out, they would just as soon go out with a bang. So it is unacceptable for America to sleep while the centrifuges spin at Natanz.

Now, preventing an Iranian nuclear weapon is still possible if the new administration reorients our foreign policy to make that its chief objective. The good news is that the tools we have available, the diplomatic tools, the economic tools to isolate the government in Tehran, have only been

used to the extent of 1 or 2 percent. We still have a lot of tools in the tool box. The bad news is for this entire administration, even after 9/11, even after it was revealed by an Iranian dissident group all the details proving that Iran was making considerable progress to a nuclear bomb, even after all that, this administration has left most of the tools in the tool box.

I will detail some of those tools in the time that remains to me, and the rest, of course, are available for my colleagues to view at Bradsherman.house.gov.

First, we can begin the effort at economic isolation. I think incoming President-elect Obama has a strong record. He voted for the Lautenberg amendment in 2005, which unfortunately didn't pass because a majority of Senators voted against it. That amendment would simply have prevented U.S. oil companies from doing business with Iran through their foreign subsidiaries. Furthermore, then Senator Obama authored the bill in the last Congress which would have encouraged divestment from firms doing business with Iran. I hope very much that in its first days, the Obama administration comes to Congress and urges us to pass these two pieces of legislation that were so strongly supported by Senator Obama.

We then need to ask the administration, and it is an odd constitutional circumstance where we have to ask that laws be enforced, but we should ask the administration to begin enforcing the Iran Sanctions Act as the current administration and even the prior administration refused to do.

We need at the diplomatic level to demand that the World Bank stop disbursing funds to Iran in the form of concessionary loans. We basically acquiesced in the decisions of the World Bank to make those loans. Fortunately, only half the funds have been disbursed, and we must make it clear to the World Bank that our continued participation in that organization requires the immediate cessation of disbursements from the World Bank to the government of Iran.

We need to deny Nuclear Cooperation Agreements to countries that provide technologies to Iran, and by "technologies" I mean those technologies that help Iran develop nuclear weapons.

And we need to organize the world to hit one of Iran's Achilles heels, and that is the fact that it needs to import gasoline, because although Iran is oil rich, it does not have refinery capacity. Almost half of its gasoline needs to be imported.

As to this effort, I have the opportunity to report to the House that we have had some success. It has been reported that a major Indian refinery, RIL, has agreed to stop sending refined petroleum products to Iran. This is a success for the U.S. Government, and particularly for the Congress of the United States. Why? Because this very

refinery in India was seeking funding from the U.S. Export-Import Bank, one of our major funding institutions, to fund the construction of infrastructure around the world, and we do that chiefly because it is U.S. products being used in that infrastructure. So RIL was seeking a U.S. Export-Import Bank loan or loan guarantee, and several Members of Congress joined with me in sending a letter to that institution saying that Ex-Im Bank should not provide such financing unless the refinery stopped shipping gasoline to Iran.

So I look forward to using these and other tools to convince the Iranian people and Iranian elites that their policy, the policy of their government in supporting terrorism and building nuclear weapons, is going to lead to their economic and diplomatic isolation.

I think we also owe a special debt of gratitude to the mullahs who run the Iranian Government, because their incredible corruption and inefficiency has left the Iranian economy very susceptible to these pressures, very fragile. This economy in Iran was fragile even when oil was selling for roughly \$150 a barrel, and they are far more fragile now that oil is selling between \$40 and \$50 a barrel.

□ 1600

Let me review just a few of the other things that this government and this Congress can do in order to get the message across to Iranian elites and the Iranian people that they face economic and diplomatic isolation if they continue to support terrorism and develop nuclear weapons.

The first of these is to urge Americans to divest from ownership of stock in companies that are investing in the Iranian oil sector. How can we do this?

First, we need to make it clear, and this is legislation that passed the House, unfortunately, I believe it did not—I know it did not make it through the Senate, to simply tell pension plans and other trustees that they are free to divest without the risk of lawsuits from some crazy investor or beneficiary who somehow would claim that the fund could make more money if it did invest in companies doing business in Iran. We've got to make it plain that no one has a fiduciary duty to invest in terrorism.

Second, we would want to change our tax laws so that those selling stock in a company, usually a foreign oil company that is investing in the Iranian oil sector and investing in the stock of a different company, that those who engage in such a transaction are not immediately taxed. Rather, they should get to what tax professionals call a carry-over basis, and then, when they divest, when they sell the stock of the new company, the company that's doing good things, that would be the time when they would recognize their capital gain, because divestiture of companies doing business with Iran in a way so as to bolster its energy sector, divestment should not result in law-

suits. It should not result in taxation. It should result in accolades and thanks from this Congress to see that American pension plans, both public and private, and American individuals, are willing to step forward and put some economic pressure on the Iranian government.

In addition, I think that we have to examine our relationship with Russia and China with a lens of looking at how Russia and China deal with Iran. Too often these two super powers or former super powers, or future super powers, whatever term you would use for Russia and China, these two powerful countries use their seat at the U.N. Security Council to defend Iran from any meaningful sanctions.

Why do they do this?

First and foremost, they do it because they can, knowing full well that our policy toward China or Russia on the issues they care about will not be affected by what they choose to do on Iran. This failure of linkage needs to end with the end of this administration. We need a State Department and a President and a foreign policy that makes it plain to Russia that when we look at Georgia, when we look at Trans-Dniester Moldova, when we look at disputes involving the pricing of natural gas, when we look at whether we're putting missile defense in Poland and the Czech Republic, when we're looking at any issue important to Moscow, our first question will be what has Russia done to hinder or help the Iranian nuclear program.

Nothing illustrates this better than our plan to put missile defense in the Czech Republic and Poland, justified by the current administration on the theory that we need that because Iran may have nuclear ICBMs.

Now, how crazy is this?

We anger Russia by putting the missile defense in the Czech Republic and Poland. What instead we should do is agree not to build that missile defense if Russia will help us prevent Iran from having nuclear weapons, which was the theoretical reason we needed the missile defense.

Keep in mind that missile defense is not going to safeguard Poland or the Czech Republic from Iranian nuclear weapons. First, it probably won't work. But even if it did, Iranian missiles are not aimed at Krakow or Prague. Iranian missiles would probably not be the mechanism that Iran would use to deliver nuclear weapons. You see, to develop an ICBM you have to be a damn good rocket scientist or actually have a bunch of damn good rocket scientists. But you do not have to be a rocket scientist to get a nuclear weapon into an American city.

A nuclear weapon is about the size of a person, and of course those sizes vary, as do nuclear weapons. But it is not that hard to smuggle something the size of a person into the United States. In fact, our efforts along the U.S./Mexican border have raised the price that smugglers charge for that

very activity from \$1,000 dollars up to \$1,500. That may deter some who would cross the border illegally for economic reasons. That may deter poor people from Latin America, but it obviously isn't going to deter any country with nuclear weapons.

Likewise, I could point out that we do not have a single border officer on the entire Alaska/Canadian border, not one. So if you think that oh, well, we're going to defend Los Angeles and Chicago because we have this incredible border effort, we have zero on that border. And so Iran could easily, could smuggle a weapon into Anchorage, even more easily than to smuggle one into Los Angeles or Washington or New York.

So why are we building missile defense in the Czech Republic and Poland and by doing so, angering Moscow and making it more difficult for us to pass appropriate resolutions sanctioning Iran through the United Nations Security Council?

First, myopia has marked so much of the foreign policy of the current administration.

And second, a peculiar belief that by building missile defense in the Czech Republic and Poland, we are somehow tying those two countries to us and continuing the Cold War against Russia.

We should be building missile defense only if we think it will work. It will not work against Iran.

And there's a second reason. Iran will choose to smuggle nuclear weapons, rather than use Intercontinental Ballistic Missiles because they will have more confidence in their ability to smuggle. Even if they have an ICBM, they're not sure it works. They're certainly not sure that it hits the target within 5 miles or within half a mile of what they're trying to achieve. They know they can smuggle a nuclear weapon to precisely the location they want right outside the security perimeter of this Capitol, right outside the front gate of the White House.

And, in addition, Iran would prefer to have plausible deniability. Why should they make it so clear that the bomb came from the Iranian government? If, instead, it is delivered by a terrorist they can always say, oh, you dare not retaliate; it wasn't our fault. So Iran would prefer plausible deniability, just as bin Ladin denied then admitted then denied responsibility for 9/11.

So we are building missile defense in the Czech Republic and Poland for no reason that enhances American security and at great cost to our effort to prevent Iran from developing nuclear weapons.

Likewise, we have made it all too clear to Beijing that our attitudes toward their currency manipulation will not be affected in the slightest by what they do with regard to Iran, particularly at the United Nations. Why would we take the Number 1 threat to our national security and tell the Chinese, we won't link it to anything you care about?

Again, this has been an ineffective foreign policy of the outgoing administration. So I look forward to a diplomatic policy that gives the highest priority to putting U.N. sanctions on Iran as long as it develops nuclear weapons and supports terror. I look forward to using all of the economic sanctions available to us. And I look forward to being able to use our broadcasting resources to inform the Iranian government and people that they face true isolation, economically and diplomatically, if they continue down the same path.

At this point, I want to move from foreign policy to our economic situation. Next week, this Congress will consider a bill amending the TARP program. TARP is the program that is known as the \$700 billion bailout bill. \$350 billion has been spent by this administration. The other \$350 billion remains available to the next administration.

Now, that second \$350 billion will not be available to the new administration until the administration makes a request and until we have a chance in a privileged resolution to vote on a resolution of disapproval. But I should point out that it would be virtually impossible for this Congress to prevent any administration making such a formal request from getting the second \$350 billion. That is because any resolution of disapproval would have to pass both Houses of Congress, then sustain a presidential veto, and both Houses would have to override that veto. So the second \$350 billion is likely to become available to the Executive Branch.

Before that we should strengthen the requirements for expenditure of the second \$350 billion. Now, there are a variety of ways to strengthen the requirements. There are three that I have focused on most directly. Chairman FRANK has focused on quite a number of other ways to strengthen the TARP program, and I agree with most of what he will be trying to do.

I should point out that I'm speaking on the basis of the outline posted on the Speaker's web page and I believe on the web page of the Financial Services Committee as well.

We do not yet have the bill's text. But from that outline, we see one major improvement focusing on one of the three issues that I have focused on, and that is a requirement that when we invest in a financial institution, we receive at least a minimum number of warrants. Now, frankly, we should be getting a lot more warrants than the minimum that would be established by Chairman FRANK's legislation. But the current TARP bill has no minimum at all. So if we can raise that to a 15 percent minimum and make it plain to the Department of the Treasury that the minimum is a floor, not a ceiling, and that the taxpayers of this country deserve warrants commensurate with the risk that we are taking, then we will be in a much stronger position, because,

let's face it, we're investing in the preferred stock of quite a number of these banks of different sizes, and some of those investments will fail. So if we don't make a profit on the good ones, our kids are going to be paying for an enormous increase in the Federal deficit as a result of the bad investments we have made.

The way to do this is to set 15 percent as the floor, but to expect that where substantial risks are taken, that we get warrants worth 20, 30, 40, 50, or 80 percent of the amount that the Federal Government is investing.

There is a second area that I have focused on in all of the TARP discussions, and that is my concern that we will be bailing out foreign entities, not just American entities; that this would take the form of buying bad bonds that were invested in and owned, not by U.S. entities, but by big banks in Shanghai and Riyadh and London.

Now, up until now, contrary to the plan that Secretary Paulson presented to this House, he has not spent a single penny buying bad bonds from anybody.

□ 1615

Of course, he told us that was the only thing he was going to use the money for. He changed his mind by the moment he passed the bill, but the new administration may, indeed, decide to buy troubled assets/bad bonds from those who invested in them. If this is the case, they should only buy such bonds if they were held by an American entity on September 20, 2008, which is the day that all of this bubbled up to the surface, the day of Secretary Paulson's original proposal.

When I say an "American investor," I include as American investors those entities incorporated in the United States, or doing business in the United States, even if they are owned by foreign entities. So, if Fireman's Fund happens to be owned by an entity outside the United States, they are still very much a part of the business activity here in the United States, and if the bond was actually owned by the U.S. entity, it should be eligible for purchase under TARP. But it is a very different thing to allow what I call the China two-step.

The China two-step works like this: The Bank of Shanghai made some bad investments. You know, everybody around the world bought our bad bonds or mortgage-backed securities, whatever you want to call them. They bought some really bad bonds. Shanghai transfers those to some U.S. entity on Monday, and then the Treasury buys them on Tuesday. The China two-step.

We need to put into the statute that, before any bond is purchased, before any troubled asset is purchased, we know that it was owned by a U.S. investor, including those entities that may have foreign parents, but was owned by a U.S. investor on September 20.

The third issue that I'm concerned about and that now, I think, all of my

colleagues or our colleagues are concerned about is the issue of executive compensation and perks. Now, the outline—and I'm only working from the outline that's posted on the Web page—does say that those who receive bailout moneys cannot own or lease private jets, but it leaves it clear that they can charter the private jets. Better we should take the private jet provision out of the law entirely than we commit a fraud on the American people and say that the executives at companies which needed a bailout are not going to have private jets, and lo and behold, instead of owning jets, they charter them.

We should make it clear that chartered luxury aircraft cannot be used by those who receive bailouts, and we should provide an exception. We should provide an exception where the destination is a place very far from scheduled air service. We should focus not only on perks, but on the total compensation package.

Now, the automobile bailout bill that passed this House, but did not pass the Senate, did provide limits on bonuses paid to the executives of the bailed-out firm. What we need to make clear is that any grant of a stock option is covered whether or not called a "bonus," because the creativity of the corporate world is enormous.

AIG said, when they paid millions of dollars to executives just last month, those weren't bonuses; those were retention payments. So, given the ability of some in the corporate world to say it's not a bonus just because it quacks like a bonus or walks like a bonus, you can be sure that there are those in the corporate world who think that granting a stock option is not a bonus.

Why are stock options so important? Because the stock prices of the bailed-out entities are currently trading very low. That's why they need a bailout. So, if you give an executive the right to buy thousands and thousands of shares of his company and to buy each share for today's \$1 or \$2 price, you are, perhaps, providing that executive with tens of millions or with hundreds of millions of dollars worth of options. It is, therefore, important that we not allow stock options to be granted or allow stock to be granted—either one—to executives at firms that receive a bailout.

Some will ask: What about those companies that took money from Paulson and didn't know that there would be tough restrictions? The answer is simple: Give us back the money. No firm should be required to live under these tough provisions if it no longer wants to hold taxpayers' money, but if they've got taxpayer money, they ought to either live under the restrictions or return it to us.

In addition to bonuses and stock options, in addition to chartered aircraft, I should point out that Goldman Sachs, one of the companies that is holding our bailout money, paid a quarter of a million dollars last year for a luxury limo for just one executive. So there

are some other perks for us to limit. But in addition to perks and bonuses, we ought to look at salaries because some of these executives are getting \$1 million-a-month salaries.

I think, if a company is receiving TARP funds, they should limit the total compensation package of every executive to a mere \$1 million, and when I say total compensation package, that has got to count everything. That counts the salary, the bonus, the pension plan contributions, and the stock options.

Now, I'm not certain that everything I'm suggesting here will be in the bill we consider next week. My fear is that the bill will prohibit bonuses but will be a little unclear about stock options, that it will prohibit leasing the corporate jets, but will allow the companies to charter the corporate jets, and that it will put limits on bonuses but no limits on salaries.

The question then is a difficult one for those of us who were skeptical about the initial bill. Do we vote to put in some additional restrictions knowing that they are insufficient or do we vote against it? I will be analyzing that issue carefully, but I will say this:

If we pass a bill next week that imposes additional restrictions, I hope we do so to a bill that is considered under regular order. Let us mark up the bill in the Financial Services Committee, and if the amendments that I've alluded to here fail to pass the committee or the House, I'll be happy to vote for the bill knowing that these issues have at least been discussed, but if we are confronted with a bill that is a step forward but is not considered in regular order, as to which there is no markup in committee, and we are not allowed to consider amendments, substantive amendments on this floor, then it will be more difficult to support a bill even if that bill is a step forward.

If we pass a bill that strengthens the TARP program but insufficiently, I will then introduce legislation to deal with the issues that I've brought up in this speech, and we will hopefully, one way or another, pass even stronger restrictions than those that are currently outlined on the Web page of the Financial Services Committee, hopefully as part of the one bill we will consider next week, possibly as part of other legislation that will be considered before the day when we authorize or when we vote on whether to disapprove the disbursement of the second \$350 billion. So I look forward to improving the TARP bill.

I think, of course, the greatest improvement is that I am far less skeptical of the incoming administration than I am of the outgoing administration, and that high skepticism of the current administration is justified by the fact that not one penny has been spent yet by Paulson to do anything that he told us that he would spend all of the money on. So a certain degree of skepticism of the current Treasury Secretary has been borne out by his re-

markable departure from that which he was very clear was his promise to this House, right up until the minute when we passed the bill that he wanted.

Finally, let's take a look at the stimulus bill. I just want to comment on a few of the tax provisions. One of those that is being put forward by the administration that, I think, a number of those, including Senator KERRY, have some concerns with is the idea of providing employers with a \$3,000-per-hire tax credit for each new person they hire. Let me illustrate the concern I have with this proposal.

Imagine two restaurants. One has been there for years and is desperately trying to hold on, is desperately trying to keep its 25 staff members employed. Then somebody else opens a new restaurant right across the street. It's going to hire 25 new people. Well, under the provision as I understand it—and there is no legislative language yet available; although the bill will probably be voted on within a few weeks—the new restaurant gets a huge credit. It receives \$3,000 for every one of its 25 employees, thereby putting it in a position to put out of business the existing restaurant across the street.

Now, there are some tax provisions being suggested by the Transition Team that, I think, make a lot of sense. These involve giving businesses tax deductions in 2009 that they were otherwise going to reap in 2011 or in 2012 or in 2013 anyway.

The chief reason I support these provisions is they give us a lot of bang for the buck. They put a lot of money in the hands of businesses today, but when you look at the Federal deficit over the next 10 years, they increase that Federal deficit only a little bit. Why is that? Because the money we're giving these businesses today is money they're going to owe us in future years. So we're not giving them new tax deductions. We're simply letting them take the tax deductions sooner. Two provisions particularly meet this standard.

One is allowing operating loss carrybacks for 5 years rather than for 2 years by allowing those with operating loss deductions to be used now. We give money to the companies now, but we deprive the companies of those deductions in future years.

Second, what is called "accelerated," sometimes called "bonus depreciation" where we allow small companies to write off up to \$250,000 of new investment immediately rather than taking depreciation deductions over a number of years.

Another element that ought to be part of the stimulus package is aid to States and localities. There is nothing worse to do in the middle of a deep recession than to fire a bunch of police officers and a bunch of teachers.

First, that means their work is not being done; our kids aren't being educated, and at the worst possible time, our neighborhoods are less safe. Second, it has an immediate negative effect on employment and on the cash

available to consumers. So we ought to be providing enough aid to all of the States to make sure that they can, if anything, increase employment on those areas of public employment that are truly useful to their citizens.

What we may need to do also is provide some formula by which we can provide the money to local governments rather than just to the State governments. I would suggest payments to each school district based on the number of full-time students and payments to whichever entity of local government provides police protection based on the number of residents they are protecting.

I want to thank this House for giving me an hour of time to express these views. Even with all of this time, as I've said, I have not presented all of the evidence in support of these positions. That's why I hope my colleagues will visit Bradsherman.house.gov to look at the additional arguments in favor of these positions.

I yield back to the Chair.

ISRAEL

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

Mr. FRANKS of Arizona. Madam Speaker, the most fundamental purpose for any government is its national defense and the protection of its citizens. I stand here today in heartfelt support for Israel and for its right to defend its innocent citizens from the attacks of a relentless enemy that seeks its destruction. The conflict unfolding in Israel's heartland today is not unfamiliar to the Israeli people.

□ 1630

Since its establishment in 1948, the tiny State of Israel—22 of which would fit into our State of California—has faced enemies on every side that openly oppose its right to exist and work actively to bring about its destruction.

Indeed, Israel has never known a reality where its very existence was not threatened by this insidious ideology called jihad; an ideology so sinister as to make men and women leap for joy at killing their own children in order to be able to kill the children of others, whether that means flying commercial airplanes into the World Trade Center or sending a Qassam rocket into the side of a bus carrying small school children in Israel.

Madam Speaker, in Imperial China, there was a terrible form of execution known as death by a thousand cuts. It was an unspeakably cruel demonstration meant to terrify observers into submissions. Israel is fighting to stop the "death by a thousand cuts" strategy used by Hamas to inflict constant, incessant destruction and terror on the Israeli citizens; and the nation of Israel has acted nobly for the sake of innocent Israelis, as well as innocent Pales-

tinian civilians to justly refuse to allow the bloodletting to continue.

Hamas was designated as a foreign terrorist organization by the United States in 1995. And it is a known proxy of the Iranian regime which openly seeks to see Israel wiped from the face of the Earth. The governing charter of Hamas openly calls for the destruction of the State of Israel, with the goal of raising the banner of jihad over every square inch of the State of Israel.

And still, Madam Speaker, time after time, Israel has acted in good faith and has extended gestures of goodwill towards its Palestinian neighbors and Hamas, including its complete disengagement from the Gaza Strip in 2005 and its commitment to target only military installations of its enemies despite the routine attacks against its own women and children on almost a daily basis.

Madam Speaker, in all of its conflicts, Israel seeks to minimize civilian casualties; Hamas has sought to maximize them. Hamas has broken every cease-fire agreement and every honorable rule of war by deliberately embedding their terrorist militants and weapons caches in the homes of private citizens, and in schools, and in hospitals, and mosques; and Hamas has repeatedly used innocent Palestinian civilians as human shields while they deliberately target Israeli civilians.

There is no moral equivalence here, Madam Speaker. Hamas and Israel are guided by two completely opposite philosophies: One is committed to equality and human dignity under God, and one is committed to a totalitarian ideology of hatred and intolerance; one is devoted to protecting innocent human life, and one commands its destruction.

When a cease-fire agreement was reached between Israel and Hamas last June, Hamas used that opportunity to build up its stockpiles of rockets and weapons that now threaten approximately one million Israelis. And now, Madam Speaker, in a struggle for peace and survival, Israel is once again forced to carry out defensive action against Hamas in order to stop the terrorizing of its innocent civilians.

And once again, once again, Madam Speaker, certain members of the international community are calling on Israel to "exercise restraint."

Madam Speaker, if 6,000 rockets had fallen on an American city over a space of four years, what would we say to anyone who called upon us to restrain ourselves in the effort to protect our own citizens? If those same members of the international community who so harshly criticize Israel for the defensive actions had to suffer for 1 week—just 1 week—under these indiscriminate incessant attacks against their families and their loved ones as Israel has done for decades, Madam Speaker, I would submit that the layers of Hamas would have been made ashes once and for all long ago.

Madam Speaker, Charles Krauthammer recently wrote in the

Washington Post something I wish every world leader could understand. He said, "Some geopolitical conflicts are morally complicated. The Israeli-Gaza war is not. It possesses a moral clarity not only rare, but excruciating."

Madam Speaker, I could not agree with those words more.

If the beleaguered Jewish people have learned anything in their struggles for survival over the millennia against enemies who have sought their complete annihilation, it is, as one Holocaust survivor said, "When someone says they intend to kill you, believe them."

Madam Speaker, consider some of the things that terrorist enemies of Israel have said they intend to do to Israel.

Sheikh Hassan Nasrallah stated, "We have discovered how to hit the Jews where they are most vulnerable. The Jews love life, so that is what we shall take from them. We will win because the Jews love life, and we love death."

Wael al-Zarad, a Hamas Cleric, said, "As Muslims, our blood vengeance against them will only subside with their annihilation . . ."

And Egyptian Cleric Safwat Higazi gave this mandate to jihadists on Hamas television. He said, "We say to you: Dispatch those sons of apes and pigs to the Hellfire on the wings of the Qassam rockets. Jihad is our path . . . This is our strategic option, and not peace. . . . They [the Jews] deserve to be killed. They deserve to die. You should not care if you hit a man, woman, or a child. . . . Destroy . . . everything . . ."

Madam Speaker, those are horrifying words even when we hear them here in the safe enclaves of our own homes and work places of America. But for the people of Israel, such words mean terror and death.

Madam Speaker, America's enemies and Israel's enemies in this war are the same. Both of us face the reality of radical Islamic jihadists who would see our nations wiped from the face of the Earth if they could. Both of our nations have been struck deeply, and Israel, in its case, has been repeatedly, by any stretch of imagination, has been struck by this same ideology time and time again; the same ideology that murdered Olympic athletes in 1972, that took American hostages in Iran, that murdered Marines in their barracks in 1993, that bombed the World Trade Center in 1993, that bombed Riyadh in 1995, the Khobar Towers in 1996, the embassy in 1998, the USS *Cole* in 2000. And then, Madam Speaker, this murderous, hellish ideology massacred nearly 3,000 Americans on September 11.

And this enemy makes little distinction between those who support Israel and Israel itself, and for that reason, Madam Speaker, we must realize that an attack on Israel is an attack on America and freedom itself.

Listen to the words of Sheikh Ahmad Bahr, acting speaker of the Palestinian