

evening, a three-page bill asking that we appropriate \$700 billion and give it to Henry "Hank" Paulson and let him spend it however he deemed fit.

□ 1545

Unfortunately, Congress didn't really improve too much on that original draft. Congress got stampeded. I didn't. I voted against it. And for one glorious moment, one night, one day, we stunned the world by stopping that bill here in the House and saying there are not enough protections for American taxpayers in this bill. There's no guarantee we'll get paid back. There's no real restraint on how Henry "Hank" Paulson of Wall Street is going to spend the money. We fear it will go to bonuses, it will go to waste, it will go to his buddies on Wall Street and he'll use it to penalize his enemies on Wall Street. And that's exactly what happened.

And here we are now, at least \$350 billion later of that \$700 billion. It's estimated, by one group that does weekly estimates, we've lost about a third of the money. The American taxpayers are being told they'll have to pay that back over the next 30 years.

In the meantime, many of these companies and these lords are rewarding themselves with bonuses. We're told, well, these are certifiably smart people. I mean, how can these firms continue to exist without them?

Well, the firms like AIG don't exist anymore except for the largesse from the American taxpayer. They bankrupted their companies. How could anybody think they deserve a performance bonus or a retention bonus of any sort? What they need is a bonus push out the door. And that should have happened a long time ago. And I've got to say the Obama administration is trying. A big hole was dug here. They are trying to make some sense out of what Bush and Paulson did.

But I am not impressed by our Treasury Secretary, Mr. Geithner, and I think that President Obama should rethink whether or not he is the man for the job at this time. When did Secretary Geithner know about these bonuses that were coming due at AIG? He was head of the New York Fed. He was very involved in bailing out AIG through the Federal Reserve last fall. Did he just find out or has he known? And did he neglect to tell the President, did he neglect to tell the Congress that these bonuses were pending? I don't know for sure. But we need to have that question answered.

Geithner was hired because he said, well, Wall Street's comfortable with him. I'll tell you what. I'd like a Secretary of the Treasury who Wall Street doesn't like because that person is protecting Main Street Americans and the taxpayers of this country instead of coddling these fat, overpaid people on Wall Street who have bankrupted their own companies and are trying to bankrupt America and have caused nationally and worldwide an economic collapse. These certifiably smart people.

So today we began to correct the mistakes that were made here last fall under pressure from Bush and Paulson. But people need to be brought to account. We need to hire the 1,100 agents that the FBI has been asking for for 4 years to fill out their financial fraud and crimes unit. We need to hire those 1,100 people and maybe give some of these people who today are getting bonuses Federal hospitality in the future, a little uniform and a nice warm place to sit behind bars.

We need those investigators. We need that budget. We need to thoroughly review everything that's gone on. And we really need to question the leadership of Secretary Geithner in these matters.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

THE SPEAKER pro tempore. Persons in the gallery are reminded to refrain from audible manifestations of approval or disapproval of the proceedings of the House.

#### THE AIG BONUS BILL IS A LEGISLATIVE COVERUP

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. BROWN) is recognized for 5 minutes.

Mr. BROWN of Georgia. Mr. Speaker, today leaders in this Congress have hastily pushed through a bill with the direct intent of correcting a mistake, a mistake that could have been prevented in the first place. Let me repeat that. A mistake that could have been prevented in the first place.

We've all seen the devastation that occurs following congressional knee-jerk reactions, and I am afraid that today's AIG bonus bill will not be an exception to that rule.

I have serious constitutional concerns about our government's targeting such a narrow group of citizens with a retroactive tax hike. Regulating the pay of thousands of private citizens because of a mistake made by the leadership of this Congress starts us down a slippery constitutional slope. And what are our constitutional leaders planning to do with the taxes that they collect from this bill? It will probably all go back to AIG in their next bailout payment.

My mama always taught me that two wrongs do not make a right, and this bill is no more than a legislative cover-up by the leadership of this Congress. It's time for this body to instead address the problem that got us here in the first place: the lack of transparency. Lack of transparency is the true perpetrator in this high crime against the taxpayers. Ultimately, the taxpayers are not only the defendant in this case, but also the jury. And I think the taxpayers must serve congressional leaders with a clear verdict.

It's congressional leadership who relinquished their promises for a more transparent government and instead

steamrolled the "nonstimulus" stimulus bill down our throats, bypassing the regular committee process and refusing input from the minority party.

Why are my colleagues on the other side acting surprised to find that a provision was ripped out of this bill that would have prevented these bonuses in the first place? In fact, that was even introduced by a Democratic U.S. Senator. They finally made the 1,000-page bill public in the middle of the night and then steamrolled it through Congress only a few hours later, all without adequate public or congressional scrutiny. This is absolutely outrageous. The American people deserve better and must demand better.

They say that making legislation is like making sausage; you don't want to see it. But I beg to differ because these are trillion-dollar hot dogs that are being slammed and shoved down the throats of the taxpayers, and the taxpayers have to swallow it. It's time for congressional leaders to let taxpayers into the sausage factory. It's time for taxpayers to see what goes on here in Congress and goes into the sausage, and what's left out. Then and only then will we avoid coming back to fix mistakes that shouldn't have been made in the first place.

We have seen bill after bill shoved down the taxpayers' throats. It's a steamroll of socialism that's being shoved down our throats. It's going to strangle the American economy, and it's going to choke the American taxpayers.

Taxpayers deserve better. Taxpayers have to demand better. Taxpayers are not being treated fairly. We've seen bill after bill that's going to hurt the economy. It's going to cost jobs. It's going to create a longer and a deeper recession, maybe even a depression. We have seen people on the other side blame President Bush and they show righteous indignation, and it's totally misplaced because in this last Congress, 110th, now in the 111th, and with this administration, we have seen bill after bill that's going to hurt the economy, that's going to hurt the American taxpayer, that's going to cost jobs. It spends too much, it taxes too much, it borrows too much, and it's going to kill our economy.

We have got to demand more and better from this leadership and this Congress. The steamroll of socialism is being driven by NANCY PELOSI and HARRY REID and this administration, and it must stop because it's going to destroy America economically.

#### COMMUNICATION FROM FIELD REPRESENTATIVE, THE HONORABLE WALLY HERGER, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from David Meurer, Field Representative, the Honorable WALLY HERGER, Member of Congress:

HOUSE OF REPRESENTATIVES,  
Washington, DC, March 16, 2009.

Hon. NANCY PELOSI,  
Speaker, House of Representatives,  
Washington, DC.

DEAR MADAM SPEAKER: This is to notify you formally, pursuant to Rule VIII of the Rules of the House of Representatives, that I have been served with a subpoena, issued in the Superior Court of California, County of Shasta for testimony in a criminal case.

After consultation with the Office of General Counsel, I have determined that compliance with the subpoena is consistent with the precedents and privileges of the House.

Sincerely,

DAVID MEURER,  
Field Representative.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Ms. WOOLSEY) is recognized for 5 minutes.

(Ms. WOOLSEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

#### AIG: THE REAL STORY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. GRAYSON) is recognized for 5 minutes.

Mr. GRAYSON. Do you want to know why AIG went broke, threatening to bring down the whole U.S. economy? It's actually easy to find out. All you have to do is wade through 500-plus pages in the form 10-K that AIG filed 2 weeks ago. It's all in there, and I read it.

Now, derivatives certainly contributed to the problem. That's why the "stress test" on Page 178 says that AIG owes \$500 billion, yes, \$500 billion, if long-term interest rates go up by just 1 percent, as opposed to only \$5 billion, according to Page 183, if San Francisco is destroyed in an earthquake. So now we know why the Federal Reserve has been buying long-term bonds just as fast as the Chinese sell them: to keep its ward AIG from being liable for \$500 billion, because \$500 billion is a lot of money, even to the Federal Reserve.

And to whom would AIG owe that money? The answer is on Page 176. AIG's largest credit exposure, which is 160 percent of its shareholder equity, is to "Money Center/Global Bank Groups." In other words, Wall Street. And almost half of that amount is owed to only five banks.

But the real AIG losses have come not from derivatives but rather from AIG's basic business model. In a news release last Monday, AIG said that it had to make payouts of \$43.7 billion to "securities lending counterparties." That's the phrase: "securities lending counterparties." The news release doesn't explain what that is, but AIG's 10-K does.

The standard insurance business model is as follows: You make money from minimizing your claim payments, and you make more money from your investments. Warren Buffett has explained this countless times in Berk-

shire Hathaway's 10-Ks. It's a stable, steady business. Indeed, AIG's insurance subsidiaries took in premiums, AIG invested them, and AIG paid out on claims.

But that's when things went horribly wrong. According to AIG's 10-K, AIG's parent company sucked the investment assets out of its insurance subsidiaries and lent them to Wall Street and foreign banks in return for cash. AIG then took this borrowed cash and invested it—are you ready for this?—in mortgage-backed securities.

It's not in AIG's 10-K, but the counterparties, that is, its friends on Wall Street, undoubtedly took the stocks and bonds borrowed from AIG and sold them short. That's why institutions borrow securities: to sell them, buy them back later at a lower price, return them, and claim the profit. So as the markets dropped, AIG's counterparties laughed all the way to the bank. Except they are banks.

And what about AIG? According to the first few pages of AIG's 10-K, when the counterparties returned the securities to AIG, AIG had trouble coming up with the cash because, first of all, the mortgage-backed securities market had blown up, and, secondly, the securities that AIG had lent out were actually worth far less at that point. Hence the Federal bailout at \$150 billion and counting. And this money, by the way, this money that the Federal Government is giving to AIG, AIG implausibly lists that money as "shareholders' equity" and not loans on its own financial statements.

Now, why would AIG do something as convoluted and nutty as this? To goose its profit a few points by counting both the returns on the lent securities and the returns on the mortgage-backed securities both as its profit. In other words, the motive was greed.

Obviously, AIG shouldn't have done this, and no insurance company ever should be able to do it in the future. This is the kind of financial innovation that brings into focus why we need to regulate in order for this country to survive. The choice is not between regulation and freedom; the choice is between regulation and chaos.

□ 1600

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. MCHENRY) is recognized for 5 minutes.

(Mr. MCHENRY addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

#### TURN THIS ECONOMY AROUND

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mrs. BACHMANN) is recognized for 5 minutes.

Mrs. BACHMANN. Mr. Speaker, I rise today to talk about America's economy and where Americans are at right now. We have seen a lot of trouble over

the last 2 years, and it needn't be that way.

We could turn this American economy around next quarter. We could truly bring hope and change to the American people if we would put into place a positive solution that would give people certainty about where they are going to go in this economy, and we can. We know it's possible. It's really fairly simple.

All we need to do is this: we need to get people investing in the economy, and you do that by making incentives for that. I am a former Federal tax lawyer. I have lived this life, I know how it works.

Right now we have a high rate on our capital gains tax. Unfortunately, the Obama administration is looking at increasing that tax. We need to go just in the opposition direction. We need to cut the investment tax called capital gains down to zero. The best thing we could do is make that tax permanent to the investor community.

Let Americans know, if you take your money, and if you put it at risk opening a business, hiring people for jobs, in the next 4 years your risk will be paid off because you will have a 0 percent interest rate. That's capital gains.

If we would permanently lower the capital gains to zero for 4 years, we would have incredible domestic investment, as well as foreign investment. Even better, we can take the business tax rate—the United States today has the second highest business tax rate in the world, 34 percent.

America is not an attractive place to invest money. We can change that. We can go from 34 percent on our business tax and bring that down to 9 percent, make it permanent.

What are foreign investors looking for? A safe haven for investment. They want to invest in the United States, but we have a very punitive investment climate.

If we would bring down that business tax rate to 9 percent, we would be able to bring foreign money into the United States and invest and create jobs. Rather than seeing jobs flee the United States to other countries, we will see them come right back into the United States.

That's what we need now, more jobs, more stability, more certainty. We have had enough with economic uncertainty from 2008 to the present. Let's change that equation. We can have a positive alternative.

First, zero capital gains. Second, lower the business tax rate to be one of the lowest in the world.

Third, cut every American's tax rate down by at least 5 percent. We can do that, and that will help Americans keep more of their money.

Fourth, we need to kill the death tax once and for all. If even one American pays the death tax, it's immoral. Why in the world should Uncle Sam be able to reach in the coffin after death and still try to pull the wallet out of an