ELECTION OF MEMBER TO COMMITTEE ON SCIENCE

Mr. QUINN. Mr. Speaker, I offer a resolution (H. Res. 477) and I ask unanimous consent for its immediate consideration in the House.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

H. RES. 477

Resolved, That the following Member be and is hereby elected to the following standing committee of the House of Representatives:

Science: Mr. J. Randy Forbes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4600

Mr. SIMMONS. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 4600.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PUNISH UNETHICAL CEOS

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

Mr. GANSKE. Mr. Speaker, I am outraged by the corporate scandals that are causing so much pain to Americans. I have listened to fellow Iowans who worked for the natural gas company that merged into Enron tell me with tears in their eyes that most of their pensions were wiped out in the Enron collapse.

Workers are taking it on the chin. WorldCom is laying off more than 17,000 people. Many more at other companies are legitimately worried. Besides the workers and pensioners directly affected, almost 50 percent of Americans now invest in the stock market and some are looking at their lifetime investments become pennies in a matter of days. The stories of greedy executives who cut corners to make themselves a profit at the expense of everyone else are becoming a daily occurrence. This has become such a problem that the loss of faith of investors in the capital markets threatens our Nation's security.

So how did the capitalist threaten capitalism? For the CEO's victory is measured in profits to boost stock prices to enable them to cash in options. It is clear that some CEOs overaggressively pursued paper profits, even if it meant cheating the investors who provided the capital. These CEOs used various strategies to cheat others. Let me simplify their executive self-dealing.

I am indebted to columnist Paul Krugman of the New York Times for this example. Imagine the manager of an ice cream parlor who wants to get rich the easy way. First there is the Enron strategy. The ice cream manager assigns contracts to provide customers with an ice cream cone a day for the next 30 years. He deliberately underestimates the cost of providing each cone. This ice cream CEO then books all the projected profits on those future ice cream sales as part of this year's bottom line. Suddenly he appears to have a highly profitable business and sells shares in his store at inflated prices.

Then there is the Dynegy strategy. Ice cream sales are profitable. But the ice cream manager convinces investors that they will be profitable in the future. He enters into a quiet agreement with another ice cream parlor down the street, each to buy hundreds of ice cream cones from the other every day or, rather, pretend to buy, no need to go to the trouble of actually moving all those cones back and forth. The result is that this ice cream manager now appears to be a big player in the ice cream cone business world and sells shares at inflated prices.

There is the Adelphia strategy. The ice cream scam artist signs contracts with customers and gets investors to focus on the volume of contracts rather than their profitability. This time he does not engage in imaginary trades. He simply invents lots of imaginary customers. With his subscriber base growing so rapidly, analysts give his ice cream business high marks and he sells his shares at inflated prices.

Finally there is the WorldCom strategy. Here the greedy ice cream manager does not create imaginable sales. He simply makes real costs disappear, pretending the operating expenses like the cost of cream, sugar and flavorings are part of the price of the new refrigerator. So his unprofitable business looks like it is highly profitable and is borrowing money only to purchase new equipment. Once again, the ice cream executive sells his stock options at inflated prices.

Mr. Speaker, back in the Great Depression Congress passed the Securities and Exchange Act of 1933 and 1934. We created the SEC to enforce those laws. The results were protections like boards of directors, independent accounting firms, government regulators. But the system still relied on trusting the competence of the directors, the integrity of the CEOs, the accuracy of the accountants and the abilities of regulators.

It is clear that today the foundation of personal integrity has been eroded by the lure of huge personal profits.

I have been concerned about the need to separate an accountant's consulting function from his auditing work for several years. I supported former SEC chairman Arthur Levitt on his proposal to do that 2 years ago.

So, you ask, what is Congress doing to fix this serious problem? Well, we have held a series of hearings in my committee. Most of time the CEOs take the Fifth. But the House of Representatives has now passed two important pieces of legislation. First, we passed the Pension Security Act, and I will amend this statement with the details of that. Then we passed in the House in a bipartisan fashion the Corporate and Auditing Accountability,