tools and are very effective and very good loans, but they are complicated because after an initial low rate of interest, on alternating years, like every other year or the fifth year or whatever it might be, the loans adjust to the marketplace and the interest rate can go up or it can go down, but generally it is going to go up because it is generally a lower teaser rate going in than the market exists at that time.

Home ownership is a responsibility. Another thing that has happened in the marketplace is that a lot of loans have been made to people with very little regard to whether they were prepared for the responsibility of home ownership.

So my suggestion to the Fed and to all of those looking into this issue—I know Senator SCHUMER, Senator CLINTON, Senator GRASSLEY, Senator BAUCUS, and many Members of this Chamber are talking about: What are we going to do about this subprime dilemma? The first thing I hope they will look at is underwriting standards. The second thing I hope they will look at is a clear understanding through truth and disclosure and Regulation Z of borrower disclosures so that people know what they are getting into and a true look at whether borrowing 100 percent is the ideal thing to do.

I do not think we need to have an overreaction to what is obviously a problem. Instead, what we need to do is try to perfect the process so that we can continue to show Americans a new way home but have a loan that responds to those people's needs. Those needs are better documentation, better appraisals and certifications, making sure there is equity in the investment and, most importantly of all, making sure they understand the responsibilities of that home ownership.

As I said at the outset of my remarks, the wide diversity of the ownership of land and home ownership is what separates America from the rest of the world. We have the largest diversity of ownership of our land, the most homeowners, percentage-wise. In most of the world, all of the people who live there rent from someone else. It separates our country, and it separates us in a very good way.

As we deal with the subprime market, we want to make sure we do not throw the baby out with the bathwater. It is important to correct the documentation and the underwriting but not destroy what has been a tool to expand the ownership of homes to people who never thought they could live the American dream.

Let's make sure, when we underwrite them, we underwrite them right and the people who are borrowing the money understand the responsibility of the mortgage instrument and the value of home ownership.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. NELSON of Nebraska. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPOINTMENT OF CONFEREES—H.R. 1591

The PRESIDING OFFICER. Under the previous order, the Chair appoints Mr. BYRD, Mr. INOUYE, Mr. LEAHY, Mr. HARKIN, Ms. MIKULSKI, Mr. KOHL, Mrs. MURRAY, Mr. DORGAN, Mrs. FEINSTEIN, Mr. DURBIN, Mr. JOHNSON, Ms. LANDRIEU, Mr. REED of Rhode Island, Mr. LAUTENBERG, Mr. NELSON of Nebraska, Mr. COCHRAN, Mr. STEVENS, Mr. SPECTER, Mr. DOMENICI, Mr. BOND, Mr. SHELBY, Mr. GREGG, Mr. BENNETT, Mr. CRAIG, Mrs. HUTCHISON, Mr. BROWNBACK, Mr. ALLARD, Mr. ALEXANDER, and Mr. GRASSLEY conferees on the part of the Senate.

Mr. NELSON of Nebraska. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Ms. STABENOW. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. NELSON of Nebraska). Without objection, it is so ordered.

KOREAN FREE TRADE AGREEMENT

Ms. STABENOW. Mr. President, I rise today to urge the Bush administration to look beyond the next 48 hours. Right now, in Seoul, Korea, U.S. negotiators are meeting nonstop with South Korean officials to finish up the so-called Korean Free Trade Agreement. They are rushing because if they don't finish it by Saturday night at midnight, the trade agreement would not be eligible for fast-track authority. My colleagues understand what that means. They would not be eligible to move it through in a way that would not allow us to change the agreement in any way but puts it on fast-track authority so that if many of us believe there are concerns with it, we would not have the full range of options that we normally do in the Senate to be able to correct it or object to it.

Mr. President, these negotiators are not discussing some minor trade deal. They are debating what could be the largest U.S. trade agreement since NAFTA, the North American Free Trade Agreement. I urge the White House and its negotiators to look beyond the final hours left on the fast-track clock. What happens in the next 48 hours could affect the American economy, American businesses, the American auto industry, and American workers for decades to come. The goal is not to race to the finish line. The goal should be to have the very best possible trade agreement—an agreement that raises the standards of living for everybody by creating a level playing field, an agreement that ensures market access for both countries—not just South Korea.

This cannot be a one-way deal. It has to be an opening of markets for both American businesses, American agriculture, as well as South Korean agriculture and business, and so on, including the industry that has built the middle class of this country, which is the U.S. auto industry.

There seems to be an agreement that upholds the value of what has made this country successful. Fair competition, competition that rewards hard work, deserves our attention, and it is based very simply on what we happen to think in Michigan is just plain common sense, having the rules be the same. It is pretty simple, but even though they are basic, right now there is a question as to whether they will be included in this rush to this final trade agreement, to beat the clock.

We don't need an agreement that sells out American workers or pits American companies against foreign governments that cheat the system. In this rush to the finish line, this administration has failed to remember that there is an alternative. This Congress will pass good trade agreements without fast track. We have done it before. I have supported good trade agreements. I want to vote for good trade agreements. We want to export our products, not our jobs. That is fundamentally what is at stake in this negotiation that is going on right this minute.

I believe we must be a key player in the global economy. We are a key player, and trade agreements are part of that role. In fact, the old argument of protectionism versus free trade doesn't fit anymore. When you Blackberry your phone, the Internet can jump any wall that could be put up. There is a fundamental question for us today: How are we going to compete in a global economy and keep the middle class of this country, keep our way of life in this country? That is what is at stake in the negotiations going on right now.

Unfortunately, fast-track authority has been used in the past to pass bad agreements through Congress. We undermine the integrity of our trade policy if the administration's agreements sell out our workers or export our middle class.

Sadly, this administration makes it even worse by not enforcing our trade laws. We all know about what is happening when other countries, such as China or Japan, manipulate their currency—or, in some cases, even South Korea. We all know what happens when there are counterfeit products brought into this country and our ideas and patents are stolen, when other countries don't follow the rules. We need to make sure the rules are working and they are being enforced right now as we look to expand any agreements.

We are talking about the next 48 hours. Simply put, racing to the finish

line right now could very well, and likely will, result in a very bad trade agreement that will not allow our country to continue to have the edge, a bad trade agreement that will allow others to continue to cheat the international system, and a bad agreement for the people who are working hard at this moment, counting on us to get it right, counting on us to fight for a level playing field, so whether they own a business or whether they work for a business or whether they grow crops in the field, they can count on the rules being fair, the playing field level, and that we will enforce those rules on their behalf.

South Korea is really the first test of this administration with the new Congress. Will this administration sell out American workers? Will they ignore the history of bilateral agreements with South Korea? Or will they work with us to get it right? The American people are counting on us to get it right. Eighty-two percent of the trade deficit with South Korea is in the automobile industry. Coming from the great State of Michigan, that matters to me. I hope it matters also to all of my colleagues, since this is the industry on which the middle class of this country has been built.

Eighty-two percent of the trade deficit with South Korea is in the auto industry. That is because we have had two failed agreements with South Korea which have allowed cars to come into the United States while South Korea keeps its markets virtually closed. That doesn't make any sense. In fact, South Korea is the least open market for autos of any industrialized country. Meanwhile, South Korea continues to export 7 out of 10 of their vehicles. So they make 10 and ship 7 outside of the country.

The United States has a 12-year history and two auto-specific bilateral agreements with South Korea in an attempt to open their auto import market so we can sell to them. In 1995 and 1998, the United States attempted to level the playing field by instituting two memoranda of understanding that clearly stated the need to increase ''foreign-made vehicle market access.'' But despite these attempts from the U.S. Government, both Republican and Democratic Presidents, nothing has changed with South Korea as it relates to our automobile industry.

This chart is pretty clear as to what has happened. In 2006, Korea imported to us 749,822 automobiles. That is what came to us. And how many were we allowed to ship to them, built in America? Mr. President, 4,556 vehicles. I don't think it takes a rocket scientist to figure out that is not a level playing field, that is not fair. Who in their right mind would negotiate a continuation of that situation? I can assure my colleagues, if that is what comes back or anything even close to it from this agreement, this Senator from Michigan will do everything I can possibly do to stop it from being enacted.

In addition, South Korea has an 8-percent tariff on U.S. auto imports, three times the U.S. tariff, which is 2.5 percent. We have had two different agreements to fix this situation, and instead, we continue with tariffs that are so different: 8 percent that we pay, 2.5 percent that they pay. Then on top of that, they do things such as make sure that our automobiles, foreign imports, have higher insurance rates or get audited or have other kinds of barriers on them, while we have an open marketplace and they come in unimpeded.

I remind our negotiators, we have plenty of time to develop a good trade agreement. If we fix this situation, if we have something that truly is in the interest of Americans, of American workers, businesses, and farmers, I will be first on the floor to support it. But this is not fair. Something that maybe inches this up from 4,500 to 5,000 or 6,000, while Korean imports continue to go up will not be fair.

We have to have an open process so we have the same kind of access to their market that they have to ours. I thought that is what trade agreements were supposed to be about.

There is no need to rush. There is no need to sell out our auto industry in America or our workers or any other group.

I know there are other concerns as well from rice farmers and beef interests and others. Certainly, I don't think we should be in a situation where any of our American interests are put at risk because of a trade agreement. All we want is a level playing field. All we want is the ability to have the same rules apply no matter where one lives, and to have those rules enforced.

Right now, as I said before, we have a 48-hour time period. We know at this moment there are people negotiating, trying to beat the clock in the next 48 hours. It won't work unless this is an agreement that works for America. And from my standpoint, it won't work unless it works for the American auto industry. These kinds of numbers make no sense whatsoever.

I am very hopeful folks will stop and take a deep breath for a moment and look at what needs to be done, and then have faith in us, in Congress, that we will work with the administration to put together a good deal. If it is a good deal, if it is a good deal for American businesses, if it is a good deal for American workers, then it will sail through. But if it continues the bad deal we have had now for the last 12 years trying to work with South Korea, there are going to be serious objections.

As I said so many times before, American workers and American businesses can compete with anybody, but we have to have a level playing field. We have to require that other countries play by the same rules we do and that we negotiate agreements that make sense, where the tariffs are the same and the rules are the same and the market access is the same. That is all I wish to see happen as a Senator from Michigan, and I know that is what we are all hoping will happen for those we represent.

The next 48 hours are critically important for our working men and women in this country and American businesses, doing business here, that want to remain here, that want to remain in the business of providing good work with good pay and good benefits in the United States. That is what this is about.

Again, we want to export our products, not our jobs. What happens in the next 48 hours will determine whether we are going to be able to work together with the administration to get this right.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Ms. KLOBUCHAR). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MCCONNELL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MCCONNELL. Madam President, I assume we are in morning business.

The PRESIDING OFFICER. We are.

EMERGENCY SUPPLEMENTAL APPROPRIATIONS

Mr. MCCONNELL. Madam President, 2 months ago, GEN David Petraeus came to Capitol Hill to explain the situation in Baghdad and to outline his plan for improving it. And then we ratified that plan. A Democratic-controlled Senate sent General Petraeus to Iraq—without dissent.

There were no illusions about what the mission would involve: We would demand greater cooperation from the Iraqi Government, and they would get greater security in return. If they gave us room to help secure the capital city, they would have room to build a civil society.

Now that mission is underway. Security is improving and political reforms have followed.

We were told there would be no political reforms in Iraq without basic security first. But if we could secure the capital, then we could expect to see reforms. That is what General Petraeus told us. That is the story he told us we could hope to see unfold, and if it did, we would have reason to hope for success, we would have a chance to win this.

Right now we have that chance. The question is, will we fan this spark of hope or will we smother it?

The Democratic leadership has a different view. They do not seem to think situations can change. They have made no allowance for improvements in Iraq. They call for a change in course, but the only change in course they seem to approve of is retreat.