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Senate

(Legislative day of Wednesday, September 17, 2008)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the Honorable JIM WEBB, a Senator from the Commonwealth of Virginia.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

God of compassion, You watch the ways of humanity and weave out of challenging happenings wonders of goodness and grace. Surround our lawmakers with Your presence on this critical day of decision. Lord, decisions made today will have far-reaching consequences, so more than human wisdom is needed. Thank You for being on Capitol Hill, providing the guidance our Senators so desperately need. Permit our lawmakers to hear Your unmistakable whisper, advising them regarding the road they must take. Give them a confident trust in Your leading as You work in everything for the good of those who love You.

Lord, transform our national challenges into opportunities for You to manifest Your sovereign power. We pray in Your great Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JIM WEBB led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, September 29, 2008.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JIM WEBB, a Senator from the Commonwealth of Virginia, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. WEBB thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SCHEDULE

Mr. REID. Mr. President, following the remarks of the two leaders, we will proceed to a period of morning business until noon today. Senators are allowed to speak for up to 10 minutes each, and the time will be equally divided and controlled between the two leaders or their designees.

At noon, the Senate will consider the Amtrak and rail safety legislation. The Republican leader will control the time from 12 until 12:15, and I will control the time from 12:15 to 12:30. At 12:30, we will have a vote to concur in the House amendment to the Senate amendment to the rail safety legislation.

There will be a 1:30 Democratic caucus, and we are going to talk, of course, about the Emergency Economic Stabilization Act. So I ask unanimous consent that the Senate recess from 1:30 p.m. until 2:30 p.m. while I conduct that conference.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

UNANIMOUS-CONSENT REQUEST— H.R. 7060.

Mr. REID. Mr. President, one of the issues we have to address this morning—I have talked here on the floor and I have talked in press conferences about this—is how difficult it has been to get the energy and business tax extenders. It has been very difficult. We have had nine votes to get where we are—nine votes spread over a period of months. Finally, with the work of a number of Senators—principally Senators BAUCUS and GRASSLEY, and two other members of the Finance Committee, Senators CANTWELL and ENSIGN—we have worked to put together a package, and it is delicately put together.

I have tried to explain to my House colleagues how difficult it is for me to accept what they have sent us. They have broken this up and said: Hey, look, this is what we want, and you should take it.

Mr. President, I am going to ask unanimous consent now—they sent us one part of the thing we sent over to them, and that is the tax extenders, both the energy tax extenders and the business tax extenders in one package, and that is what I am going to ask consent about; that this matter I have just acknowledged, H.R. 7060, which is just as I have explained it—the Renewable Energy and Job Creation Tax Act is what they call it—which was received from the House, that the bill be read

● This “bullet” symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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three times and passed and the motion to consider be laid upon the table with no intervening action or debate.

Remember, out of the package they sent, they broke this up and sent us the tax extenders—the energy and business tax. I ask unanimous consent that matter be accepted.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. KYL. Mr. President, reserving the right to object, and I will object, but I would like to make a brief statement.

The Senate and House are on the verge of a very historic action to deal with the crisis in our economy, an action that would not have been possible if Democrats and Republicans had not worked together and had worked with the administration. In the Senate, over the last several months, we have had the same kind of work with respect to the unanimous consent request that has just been made. We tried, each of us in our partisan ways, to get something passed that we could send over to the House of Representatives that deals with the so-called tax extenders—the energy extenders and AMT relief. What we found was that neither side could prevail if we tried to do it our way.

As the majority leader has said, we had something like nine separate votes, I believe. We finally concluded that the only way we could, for the good of our constituents, extend these important tax provisions and fix the AMT was to have a series of votes which expressed the will of the Senate, work together to pass in a bipartisan way legislation that we would then send to the House of Representatives. Democrats and Republicans in the Senate agreed that the legislation represented by the consent agreement is an important priority for the American people, and that is why we approved this bipartisan package by an overwhelming vote of 93 to 2. But before the package received the overwhelming approval, the energy tax extenders failed as a stand-alone bill, as I said, nine times.

The Senate has spoken clearly. This legislation will pass the Senate if it receives a vote in the same packaged form that passed by the vote of 93 to 2. It is the path we must continue to follow. The majority leader has made that point, the minority leader has made that point, and I reiterate that point again to our colleagues in the House of Representatives. For that reason, I object to the request that has been made.

The ACTING PRESIDENT pro tempore. Objection is heard.

The majority leader.

Mr. REID. Mr. President, I have served in the House of Representatives. My friend, the distinguished Senator from Arizona, has served in the House of Representatives. I understand the House. I loved my experience in the House, but their rules of engagement are different than ours. And if it were up to me, I would accept this in a sec-

ond. I think it is fine. But, Mr. President, I don't have that ability here. I do not have the strength and the power legislatively and procedurally that they have in the House.

The House is like the British Parliament. If you are in the majority there, you can get a lot of things done that we can't being in the majority here. And my majority is extremely slim; it is 51 to 49 when everybody is here. Many days, I am in the minority.

So I just beg my House colleagues to understand that this isn't something we are trying to surprise them with. It has taken me this long to get here. The ability to get here has been long and hard. And we are not trying to pull anything over on the House.

Mr. President, for us, as a congressional body, House and Senate, to approve this legislation would be historic—long-term tax credits for renewable energy, creating thousands and thousands of jobs. For the first time in a long time, we are extending the business tax credits for 2 years. The business community, small businesses and big businesses, is elated over that because we have given them 1-year extensions time and time again.

In this legislation, there is some really good stuff. There is mental health parity, there is something that every State west of the Mississippi will benefit from—the State of Nevada, as an example. We have been cheated for years because the law is, if you have Federal properties there to take away from your tax base, then the Federal Government should help. And they have helped but not very much. Eighty-seven percent of the State of Nevada is owned by the Federal Government. The legislation we have sent to the House removes some of the unfairness in that.

So I just tell my friends from the House of Representatives, we can't do this. We can't do it. You send us over these things piece by piece; we can't get it done. The reason we were able to get AMT done was because it was part of a package. So I say to my colleagues: I wish we had more votes and we could just run over you, like they do in the House, but we can't do that. I wish we could do what we thought was right on this side of the aisle and not worry about you, but we can't do that.

In the House of Representatives, this matter will get 250, 300 votes. This will pass overwhelmingly in the House. This is bipartisan legislation.

I hope my friends who are part of the Blue Dog caucus would understand. We are not trying to embarrass them or embarrass anyone else. We believe things should be paid for. We look forward to working with them in time to come.

I say, I wish we were not going to spend \$700 billion. I wish we weren't going to spend \$60 billion, unpaid for, on the AMT, but that is where we are. I hope my friends in the House will understand we are doing the best we can.

Senator KYL said it twice, I said it three times, it took us nine votes to get where we are. If we leave this Congress without having done this, it doesn't speak well of this Congress.

The ACTING PRESIDENT pro tempore. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, first, I regret the Senate is unable to take up and pass this legislation. We all know how important it is.

The problem here now is that the Senate has demonstrated the limit of what it can do and what it cannot do. The Senate has now demonstrated it cannot pass the tax extender bills. This cannot be done. I want to follow on what the leader said. This is not a matter of embarrassing anybody. Sometimes our good friends in the other body think we are trying to embarrass them. This is not a matter of trying to embarrass anybody. It is a matter of trying to get some good public policy passed here for our country in these closing days of the Congress. We are talking about energy incentives to help make us more independent from OPEC; mental health, trying to get a mental health parity bill finally passed, which clearly is important for obvious reasons.

Then the awful words are "tax extenders." It helps America be competitive—the research and development tax credit to help kids get to school. This is very simple stuff. It is very basic stuff.

I think some of our colleagues and friends on the other side think we are trying to stuff them, trying to embarrass them, it is partisan. This is not a matter of embarrassing anybody. This is not a partisan matter. This is an American matter—do something for America. If we go back too far in the weeds, some of our colleagues will say: Gee, we have this \$700 billion fiscal relief bill and doesn't that add too much to the deficit.

I don't know if it will. It is not like passing a \$700 billion appropriations bill. This is an authorization. It is similar to the so-called Chrysler bailout, the so-called New York bailout, where taxpayers made money on the deal.

If I were a Blue Dog, I wouldn't get too worried about the big pricetag. The main point is we need to get this passed now. It is very modest. Next year is another year and we can deal with all kinds of issues we all want to deal with, but for the good of the country I very much say to my colleagues across in the other body on the other side: Please don't miss this opportunity. Please do what is right. Let's pass this bill before you leave town because not to do so would not be a responsible thing to do. It must be passed over there.

It is a Senate bill we are sending over. That is the only responsible way out of this difficult situation we are in. Nothing is perfect. Nobody gets everything. But we have demonstrated now

that the House-passed bills here cannot pass. That has been demonstrated by the objection we just heard. It cannot pass. The only solution then is to take up the bills which were worked in a compromise with the Republican Members here and Blue Dogs over there; insofar as the extender, 2 years, only 1 year paid for. That is the compromise and it seems to me that is pretty fair compromise. It seems to me the House should take it up—I hope they do—and do the right thing.

Mr. REID. Mr. President, while the chairman is here and the assistant Republican leader, the mark of the Blue Dogs is on what we have done in this Congress. We struggled because of the Blue Dogs insisting, and rightfully so, on paying for different things. The chairman of the Finance Committee will remember the difficult time we had on SCHIP, and that was because of the mark of the Blue Dogs, wanting to make sure we paid for what we did. It is not as if we ignored them; we tried to follow their lead because their cause is a righteous cause. They want this Government to start paying for things and stop running up the deficit. We look forward to working with them in the future.

Mr. BAUCUS. As the leader said, we did end up paying for the children's health insurance.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business until 12 noon, with Senators permitted to speak for up to 10 minutes each, with the time equally divided between the two leaders or their designees.

The Senator from Tennessee is recognized.

THE PAULSON PLAN

Mr. ALEXANDER. Mr. President, over the weekend bipartisan congressional negotiators worked hard to amend significantly what we have come to call the Paulson plan. The whole point of the work over the weekend—since last Thursday, in fact—was to do everything we could to protect taxpayers. We owe our thanks to Senators GREGG and DODD and Senators MCCONNELL and REID, as well as Members of the House of Representatives and the administration and their staffs for working hard, sometimes during most of the night, to have this ready for us today. Actually, it was ready yesterday and was posted on the Internet so that not only we, but people across this country and around the world, could see what was proposed.

Under the amended plan, the Secretary of Treasury will have authority to buy and sell troubled mortgage assets to get the economy moving again. Taxpayers will have authority to provide oversight, minimize losses, and make sure profits go to reduce the Federal debt. There will be restrictions on excessive executive compensation and reasonable efforts will be made to make adjustments to help keep people in their homes.

People have been calling my office all week about it, as they have all Senators. They are angry about the need to do this. I am angry, too. But callers' opinions have been changing about whether we should do it, as I believe have the minds of most Senators.

Most realize that the largest reason for this emergency legislation is mortgage loans that people cannot pay back and securities based upon those mortgages. This has derailed housing and created problems for banks. It has spread uncertainty and caused people with cash to be cautious.

Most realize now that we are not spending \$700 billion. The Secretary may buy up to \$700 billion in troubled mortgage assets—enough to restore confidence—but he may buy much less. Over time, he will sell those assets, hopefully at a profit, sometimes at a loss. My guess—and it is only a guess—net cost to the taxpayer will be \$100 billion or less, two-thirds of what Congress spent in January on the economic stimulus package of tax cuts and rebates. There might even be a profit, which under the plan, would go to reduce the Federal debt.

Most now realize it is important for the Secretary of Treasury to be able to buy enough mortgage assets so that institutions are strong again, will start lending again, and people will stop hoarding their cash. Next week we can fix the blame. Today we need to fix the problem.

Congress should approve the amended plan without delay—today. If the House can pass it today, there is no reason why the Senate cannot pass it today and send it to the President. Otherwise, there is a real risk that credit will freeze and Americans will not be able to get car, student, auto, mortgage, or farm credit loans—or even to cash their paychecks.

This has come so fast and taken such an unexpected turn that it is hard for most Americans to know what to think about it. As Senator DOMENICI and Senator GREGG have suggested, think about it as a wreck on the highway.

Think about it as someone who should have known better, dumping thousands of bad mortgage loans and other assets in the middle of an eight-lane interstate, threatening to bring a halt to all economic traffic. Stopped in one lane is your home loan. In the next is your auto loan. In the third lane is your student loan. In the next is your mortgage loan. Next, your money market account. Next, the money for your farm credit loan or even your payroll check.

Vehicles carrying these essential credits that Americans rely on every day have ground to a halt on the economic highway, blocked by a big pile of bad mortgage loans. So we end up with this massive wreck in the middle of the economic highway.

Think of the Federal Government as the salvage crew and Secretary Paulson as the driver of the wrecker. His job is to buy the salvage and get it off the highway as soon as possible so that traffic can start moving again.

And think of yourself, the taxpayer, as the owner of the salvage company—doing everything possible to make sure the driver of the wrecker can get the pile of bad loans off the highway and sell them for at least as much as it cost him to pick them up. If he does this, then the lanes will open again, and the vehicles carrying your auto and mortgage and farm credit loans and payroll checks will start moving again. And the economic traffic will start up again. But that will not be the end of fixing the problem.

The Federal Government's compassion several years ago got out ahead of its common sense when it made it possible for people to borrow money and buy homes who couldn't pay back their mortgage loans. Clever financiers created exotic instruments based upon these loans, some of which turned out to be worth less than the loans. People who should have known what was going on—both in their own companies and in regulatory agencies—didn't understand what was going on or they turned a blind eye to it, or worse, they misled people.

As the New York Times described it yesterday in an article, what apparently has happened is that mortgage foreclosures set off questions about the quality of debts across the entire credit spectrum. These questions set off a spiral of claims against insufficient insurance, as in the case of AIG, and of insufficient capital in the case of banks. So we end up with this massive wreck in the middle of the economic highway.

This week—today—we need to fix the immediate problem. Clean the wreck off the highway. But next week we need to begin to take steps to remodel our regulatory agencies—most of which were designed to deal with the calamities of the 1930s. I suspect it will be a matter of a different kind of regulation that suits these times rather than one of more regulation. And we need to find out if there was fraud or misleading actions so we can do our best to make sure this doesn't happen again.

Next week we can fix the blame. Today we should unclog the economic highway and fix the immediate problem to make sure Americans can buy homes and cars and houses, go to college, get farm credit loans and cash their payroll checks.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Illinois is recognized.