Service located at 2523 7th Avenue East in North Saint Paul, Minnesota, as the ''Mayor William 'Bill' Sandberg Post Office Building,'' was ordered to a third reading, read the third time, and passed.

KENNETH PETER ZEBROWSKI POST OFFICE BUILDING

The bill (H.R. 6199) to designate the facility of the United States Postal Service located at 245 North Main Street in New City, New York, as the ''Kenneth Peter Zebrowski Post Office Building,'' was ordered to a third reading, read the third time, and passed.

MURPHY A. TANNEHILL POST OFFICE BUILDING

The bill (H.R. 3511) to designate the facility of the United States Postal Service located at 2150 East Hardtner Drive in Urania, Louisiana, as the ''Murphy A. Tannehill Post Office Building,'' was ordered to a third reading, read the third time, and passed.

COMMENDING BARTER THEATRE

Mr. WEBB. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H. Con. Res. 416, which was received from the House.

The PRESIDING OFFICER. The clerk will report the concurrent resolution by title.

The legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 416) commending the Barter Theatre on the occasion of its 75th anniversary.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. WARNER. Mr. President, I rise today in support of a resolution honoring a longstanding landmark of Virginia's southwest, Barter Theatre. Located in Abingdon, VA, Barter Theatre first opened in June of 1933 and remains open to this day, having never closed its doors in its 75 years of history.

The roots of Barter Theatre are found in what it calls ''a unique beginning,'' during a time in our Nation's history when many Americans, including Virginians, were focused on financial woes. It was the Great Depression, and a young man named Robert Porterfield was inspired by providing theater tickets to the many and not just to those who could afford them. It was the idea of bartering goods for services that served as the foundation for this successful endeavor and earned Porterfield's theater its name.

By trading goods for theater tickets, Porterfield was able to fill the seats of his theater. The price of admission was 40 cents, but if you had no money to spare, you could bring the equivalent in produce. Whether it was vegetables, dairy products, or a chicken, if it was worth 40 cents, it was worth entrance. The idea of bartering goods for services is by no means a unique idea, but it is an idea that allowed many Virginians the opportunity to enjoy the arts. The idea of trading ''ham for Hamlet,'' as Barter Theatre calls it, was a success, a success that allowed the theater to endure to today.

In 1946, the Virginia General Assembly designated Barter Theatre as the State Theatre of Virginia, the first theater in the Commonwealth of Virginia to receive this distinction, and rightly so. The excellence of Barter reaches far beyond the lengthy list of famous actors who have graced its stage throughout its years and touches more on its efforts to enrich and enhance the culture of our Commonwealth.

The impact of this historic theater does not go unnoticed in southwest Virginia, as it has continually aimed to increase levels of artistic development in the region. Each year, Barter Theatre's Appalachian Festival of Plays and Playwrights showcases and honors Appalachian history and culture for all to see upon its stage. I also want to recognize the efforts of Barter Theatre as they continue educational outreach programs to Virginia's youth. Several programs, such as the Young Playwrights Festival, the Internet Distance Learning Program, the Student Matinee Program, and the theatre's touring company, are in place and continue to foster creativity through playwrighting and theatrical performances.

I must note that Barter Theatre remains true to its humble beginnings and pays homage to its history. At least one performance a year celebrates the Barter heritage by accepting donations for an area food bank as the price of admission. An endeavor rooted in the ideals of community continues to give back to that community today.

I am pleased by the passage of H. Con. Res. 416, and I thank my colleagues in joining me in support of this resolution.

Mr. WEBB. I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution be printed in the RECORD.

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

The concurrent resolution (H. Con. Res. 416) was agreed to.

The preamble was agreed to.

CELEBRATE SAFE COMMUNITIES

Mr. WEBB. I ask unanimous consent that the Judiciary Committee be discharged from further consideration of S. Res. 662 and the Senate proceed to its immediate consideration.

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

The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 662) raising the awareness of the need for crime prevention in communities across the country and designating the week of October 2, 2008, through October 4, 2008, as ''Celebrate Safe Communities'' week.

There being no objection, the Senate proceeded to consider the resolution.

Mr. WEBB. I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motions to reconsider be laid upon the table, with no intervening action or debate, and any statements related to the resolution be printed in the RECORD.

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

The resolution (S. Res. 662) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 662

Whereas communities across the country face localized increases in violence and other crime;

Whereas local law enforcement and community partnerships are an effective tool for preventing crime and addressing the fear of crime;

Whereas the National Sheriffs' Association (NSA) and the National Crime Prevention Council (NCPC) are leading national resources that provide community safety and crime prevention tools tested and valued by local law enforcement agencies and communities nationwide;

Whereas the NSA and the NCPC have joined together to create the ''Celebrate Safe Communities'' initiative in partnership with the Bureau of Justice Assistance, Office of Justice Programs, Department of Justice;

Whereas Celebrate Safe Communities will be launched the 1st week of October 2008 to help kick off recognition of October as Crime Prevention Month;

Whereas Celebrate Safe Communities is designed to help local communities highlight the importance of residents and law enforcement working together to keep communities safe places to live, learn, work, and play;

Whereas Celebrate Safe Communities will enhance the public awareness of vital crime prevention and safety messages and motivate Americans of all ages to learn what they can do to stay safe from crime;

Whereas Celebrate Safe Communities will help promote year-round support for locally based and law enforcement-led community safety initiatives that help keep families, neighborhoods, schools, and businesses safe from crime; and

Whereas the week of October 2, 2008, through October 4, 2008, is an appropriate week to designate as ''Celebrate Safe Communities'' week: Now, therefore, be it

Resolved, That the Senate—

(1) designates the week of October 2, 2008, through October 4, 2008, as ''Celebrate Safe Communities'' week;

(2) commends the efforts of the thousands of local law enforcement agencies and their countless community partners who are educating and engaging residents of all ages in the fight against crime;

(3) asks communities across the country to consider how the Celebrate Safe Communities initiative can help them highlight local successes in the fight against crime; and

(4) encourages the National Sheriffs' Association and the National Crime Prevention Council to continue to promote, during Celebrate Safe Communities week and year-round, individual and collective action in collaboration with law enforcement and other supporting local agencies to reduce crime and build safer communities throughout the United States.

Mr. WEBB. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. REED). Without objection, it is so ordered.

Mr. BOND. Mr. President, I ask unanimous consent that I be permitted to speak as in morning business.

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

Mr. BOND. Mr. President, I come today to talk about the subject that is on the minds of people all over America—certainly it is on the minds of my friends in Missouri—and that is the Emergency Economic Stabilization Act of 2008.

Yesterday afternoon, the House of Representatives voted on this important bill. Unfortunately, the bill failed to gain sufficient support on the floor despite strong leadership from both the Democratic and Republican Parties. The negative outcome of the House vote is disappointing, and clearly the financial markets registered their displeasure. I was further disappointed by finger-pointing that occurred after the vote. But I am heartened that everyone realizes the financial credit crisis is still with us and that Congress needs to get its job done.

We must get our job done. We will get it done. We owe it to our constituents, our communities, our economy, and our country. That means, first, no more finger-pointing, no more political blame games. Those we have to put off the table. We need to stop the bleeding. Right now, there is a fire raging. To mix the metaphors, we need to stem the flow of the bleeding or put out the fire. The institutions are asking for our help to come to this immediate rescue. Beyond that, we need to take a broad view of the needed changes in our regulatory system. There are mistakes and omissions. There is lots of blame to go around. There are lots of areas where Congress acted or did not act, the administration acted or did not act, and the agencies did not do the proper work.

As a 22-year housing authorizer and appropriator, I have some strong views as to what needs to be done, and I have offered those on the floor, citing a letter I sent to the Secretary of the Treasury, the Chairman of the Federal Reserve, the SEC, and the leadership of the banking committees in both Houses. I would only amend that today to say we need, either in this bill or—probably in this bill—we need to raise the limit of the Federal Deposit Insurance Corporation insurance so that individuals, farmers, small businesses that may in the course of their business operation have more than $100,000 do not pull it out of the banks, thus endangering the capitalization of the banks. We want those people who are the lifeblood of our economy to be able to keep it in their local banks, the regional banks, the community banks, and not draw it out and put it in Treasurys.

I heard today from a broker in Missouri who has been asked by small businesses if they can take their deposits out and put them in Treasurys. That may be a safe move, but right now that means they are going to reduce the deposits in that bank, which further puts pressure on banks, other institutions, that should not be any part of this problem.

Now, Americans are angry about the prospect of using their tax dollars to fix Wall Street's problems. I, like many other Members of Congress, share that anger. I do not want to be doing this. I do not want to be supporting this. But what I really care about is protecting Main Street: the individuals, the families, the businesses, the farmers. We must act to prevent workers from missing paychecks, small businesses from failing, college savings plans and retirements put in jeopardy.

This plan includes the transparency I called for when I spoke on this floor exactly a week ago. I was not satisfied with the Treasury plan. I said we must do something, but we must add three things: accountability, increased oversight, and increased transparency. Well, I called on my House and Senate colleagues to come together in a bipartisan fashion and work with the administration and other public and private sector experts to move quickly and boldly but responsibly to prevent another financial credit disaster. The leadership and negotiators from both sides did just that.

It has been just 12 days since the Treasury Secretary and the Federal Reserve Chairman approached Congress about the need to act on this crisis. They said we must take temporary emergency action to get us through this financial crisis—the biggest financial crisis we have faced in a long time. As at least one commentator said, we are facing a financial ''stone age.''

This crisis is real. This is a rare moment. This is an emergency. The credit markets have been struggling mightily for the past several weeks due to the subprime housing crisis and falling home values. Despite unprecedented intervention by the Federal Reserve and the Treasury, the credit market got worse. I commend those institutions for doing what they did, but that is not enough. They don't have enough tools in their toolbox. Clearly, it is time for a comprehensive and systematic approach in order to restore stability to the credit markets to make sure that all of us, and the entire wheels of the Nation, can have the credit we need to move.

It is much more than about Wall Street; it is about average American families, individuals, small businesses, and farmers. Average American families are outraged at what is happening in the financial markets. They see excessive greed at the heart of the problem. They do not understand how many corporate executives make more in a day than many of them do in a year. They do not understand how some rich corporate executives can be paid to leave their company, given a golden parachute for failing at their job, not doing it and leaving their company in shambles. The folks in Missouri are also afraid this crisis will make them victims. They will be victims if we do not put the taxpayer credit, the Treasury credit on the line. It has brought down the rich and powerful. It should not bring down Main Street. That is what we are worried about.

Back in my home State of Missouri, I heard from seniors who were asking me about their retirement accounts, parents worried about their children's college savings, families worried about their checking and savings accounts, farmers worried about where their credit lines will be and whether they will be able to get operating loans so they can go into the fields next spring to plant, small business owners and homeowners worried about their mortgages. Folks are worried about their jobs, their children's future, and their financial security. There is also a lot of anger, frustration, and disgust at why we have gotten to this point.

I have heard those feelings loudly and clearly. I share those feelings. As I said before, frankly, I don't want to be here—not as a Senator, not as a Missourian, not as an American, and not as a family man. But I believe this is something we have to do. We have no choice but to act. We must act because the financial well-being and health of all Americans and our economy is in jeopardy.

However, we must act responsibly. That is why I demanded increased accountability, strong oversight, and more transparency so that the taxpayers, communities, small businesses, farmers, and our financial system are never put in this position again. This doesn't mean we are giving a blank check to the Treasury; this means just not bailing out those who made bad decisions with no consequences. This is one of the points I got 5,000 calls about last week. Almost 4,999 of them objected specifically to golden parachutes and to excessive compensation for top corporate executives. Well, the compromise that the negotiators worked out dealt with those. This also means and the negotiators came up with a system to ensure strong balances so that taxpayer funds are protected while achieving the goal of preventing a financial meltdown. This bill incorporates those measures.

This bill increases accountability by giving the Treasury Secretary specific powers to reduce executive compensation and cut golden parachutes. This bill increases taxpayers' protections by giving taxpayers an ownership interest in the firms they are helping to bail out.

In addition, we expect the Treasury to do the analysis and to work within the market system to buy mortgages and other debts that are now at fire-sale prices below the prices those mortgages or other debt would sell for when the credit markets begin to function once again. That is the first level of protection. The first level of protection is to make sure Treasury has the power to put liquidity back into the system by buying this now fire-sale property at a reasonable price, but one at which the Treasury can later recover, and at the same time taking this bad debt off the books of the companies. They will be crippled by selling it below what they bought it for, but they will have liquidity again.

The bill provides stronger oversight by creating a special inspector general. It will empower our U.S. Government Accountability Office to conduct ongoing audits and reviews of the program. It creates a new oversight panel of executive officials such as the Federal Reserve Chairman, and it sets up a special congressional oversight panel. This bill provides more transparency by requiring the Treasury to disclose publicly all transactions made under the bill.

These are very positive improvements in the bill.

Let me be clear. I would not vote in support of any bill simply to bail out irresponsible, incompetent, and greedy bankers—whether they are Wall Street or elsewhere—or investors. I will vote in support of a bill that protects the average Missourian, the average American family, the individuals, the communities, the small businesses, and the farmers. This is about doing what is right, not necessarily popular—and popular this is not.

Without a bill of these elements, the Federal Government will continue to use existing authorities with taxpayer funds to rescue financial institutions. That is why we need a bill that provides taxpayer protection, accountability, transparency, and oversight, in a systematic, controlled manner. In other words, with or without this bill, taxpayers will be on the hook. They will be asked to chip in. The problem is now, when we have tried—or as the Treasury and the FDIC have done and the Federal Reserve has done—to rescue firm by firm, we are putting more money at risk, but we are not solving the basic credit problem. The credit illiquidity is still there.

Last week, I talked with a friend who deals in municipal bonds. Those are the bonds State and local governments offer. They are the ones that finance the ongoing operations of States and of cities, of counties, of revenue districts, of special districts. She told me the market was totally frozen. They can't go to the market.

Continuing to just let the system go downhill and provide rescues for individual banks that may get into problems is not going to solve the liquidity problem—liquidity problems faced by businesses that have to meet their payroll, liquidity problems which would face farmers who try to get operating loans, liquidity problems that would face the average family if they want to get a loan to buy a house or a car. They can't get it.

This measure we are talking about is protecting savings, retirement accounts, and investments of Missouri families and American families. It is about making sure no Missouri worker misses a paycheck. To me, it is about Missouri businesses, small and large, not going under. To me, this is about helping struggling homeowners in default so they can get their mortgages reworked. To me, this is about Missourians getting car loans, home loans, and student loans. In summary, I believe it is what is best for my Missouri constituents.

It is imperative that we continue to work on this bill and consider other ideas to improve it. As I mentioned earlier, now both Presidential candidates back a proposal to increase the current Federal deposit insurance guarantee level from $100,000 to $250,000. That is a very good idea. I urge my colleagues to consider this proposal. Frankly, I think, at least for the time being, we ought to up that limit, but we need to do it soon, and we need to do it responsibly so there will not be a silent, backdoor run on banks and small businesses that have needs for large amounts of operating cash don't take all their money out of the small banks they work with and leave those banks in a perilous condition.

We need to pull together and do what each of us individually can do to address the crisis. This also means troubled homeowners must seek assistance in avoiding foreclosure. Help is available through home ownership counseling. It is available due to funding I was proud to work on with my colleague, Senator DODD, to provide last year. We provided $180 million. Based on the preliminary data we saw from one organization counseling homeowners, 69 percent of those who received that counseling were able to avoid foreclosure. That counseling is available now. The program is working. But we need troubled homeowners to contact their counseling agency before they get into foreclosure. Contact them if you are having problems. Call the HOPE hotline: 888–995–HOPE. Again: 888–995–HOPE. A lot of the problem can be solved for homeowners if they get counseling.

Before closing, let me express my appreciation to the House and Senate leadership and lead negotiators and their staff for the hard work and long hours they have put in over the past week to pass the greatly improved proposal, originally coming from the Treasury. I thank especially Senators DODD and GREGG for representing and leading the Senate in the negotiations. I am proud of my good friend and Missouri constituent ROY BLUNT for his work, along with Chairman FRANK in the House. Their work is not in vain. I expect we will finish the job—I hope this week. We have to do it. There is too much at stake not to do the job and do it well.

TRIBUTE TO SENATORS

JOHN WARNER

Mr. President, today I join my colleagues in saying goodbye, thank you, and best wishes to good friends leaving the Senate, especially a couple of Senators with long and distinguished service. One of those, who has been a hero of mine for a long time and has become a good friend, is JOHN WARNER. He is a Member in the Senate well known for his patriotism, for his long service to both his State and his Nation, and perhaps more than any other Member of the Senate, he is known for being a gentleman in the true meaning of the word. I would say he is a Senator to whom we can all look up. I did when I arrived, and from the beginning I learned a great deal.

Now, as a fellow UVA Law grad, my good friend, the squire from Virginia, JOHN WARNER, who is retiring after 30 years of service, has left an indelible mark on this body. We will miss as much, though, the presence of his wonderful wife Jeanne. I think all of us in the Senate, at Senate gatherings, at Senate family affairs, know how much Jeanne adds to our family. She is truly a wonderful lady. She has cleaned up the squire a good bit. My wife Linda and I always enjoy and look forward to seeing Jeanne and JOHN after their service in the Senate because they are good friends.

Not only do JOHN and I share the UVA Law connections, but he and I were on a panel at his school, St. Albans, along with several other distinguished Members of the Senate, and we had the opportunity to go back to the school that he had attended and my son attended.

Let me go back to what JOHN WARNER has done in his impressive 32 years in the Senate. His service to the country began long before he was elected to this body in 1978. At age 17, JOHN chose not to go back to St. Albans immediately but first chose to serve his country, enlisting in the U.S. Navy to help keep our Nation safe from Nazi Germany.

He, again, answered his Nation's call to service at the outbreak of the Korean war, when he served in the U.S. Marine Corps.

Since his service in our Armed Forces, JOHN has been a tireless advocate for our military and for our veterans. For the soldier returning home after service, JOHN has worked to improve the care our veterans receive, the care a grateful nation owes each and every one of our brave volunteers.

As chairman of the Armed Services Committee, as vice chairman, as a ranking member, as a leader in the Armed Services Committee, JOHN has worked to ensure that the military, particularly our troops on the field in battle, have the equipment and the resources they need.

Under JOHN's watch, the Senate always passed a Defense authorization bill, a feat that is not only achievable because of JOHN's skill but because of the respect he has for Members on both sides of the aisle.

JOHN used this legislation year after year to modernize our military to make sure they meet 21st century needs. In this way and all others, JOHN embodies the motto of his esteemed undergraduate Virginia school, Washington and Lee, which is ''Not Unmindful of the Future.''

JOHN has always kept that responsibility to the future in mind as he has worked to keep our fighting forces the best in the world.

But he has also done much in other areas. It has been my pleasure to work with him on the Environment and Public Works Committee. He was an invaluable leader, from whom I learned much. He was a great friend in passing the highway bill in 1998. I followed his work later on while working on the current highway bill. I owe a great deal to the skill, to the advice, and the leadership he provided in making sure we could meet the needs of our highways and our bridges. His guidance and leadership were extremely vital for the success of the bill I worked on. He has also kept his responsibility of the future in mind during his tenure on the Senate Intelligence Committee.

It has been an honor, a pleasure, and a treat to fight side by side with JOHN on the Intelligence Committee. He has always been looking to the future, to all our futures. He worked on the committee to help us prevent another devastating attack on our soil such as 9/11.

JOHN was an invaluable ally on the committee in our efforts to reform and oversee our intelligence operations. Probably the most important to me, with JOHN's help, we passed probably the most important legislation I have had the opportunity to lead—the Foreign Intelligence Surveillance Act—to assure we had an early warning system against terrorist attacks.

Because of JOHN's work in the Senate, his heart on the battlefield, our Nation is not only a safer place but, under his guidance, wisdom, and leadership, it has become a much better place.

It has been a tremendous honor and privilege to serve with JOHN WARNER. He is an icon of the Senate. He will be missed for his ability to work across the aisle, for putting his country first, and for the friendship, personally, the friendship with Jeanne, his wife, and the rest of us. I join my colleagues in congratulating the Senator and his wife and thanking JOHN for his many years of service.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

THE ECONOMY

Mr. MCCONNELL. Mr. President, yesterday's House vote has come and gone, but the threat to our economy has not. Congress must still act swiftly and decisively to protect millions of ordinary Americans from a credit crisis that they had no hand whatsoever in causing but which obviously threatens to reach into every single household in our country.

Retirees are worried about their savings. Small business owners are panicked because the banks will not lend. Homeowners are watching the equity they have in their houses dry up.

I am hearing from towns and municipalities throughout Kentucky that cannot find the money to finance new schools and other civic projects and from farmers and small business owners who are suddenly being told by their banks that a long-term loan is due. Others are being pressured to pay more or well ahead of schedule. These are people with good credit.

I am hearing from people such as the retired school counselor in Anderson County who said she cannot afford to see her small retirement savings vanish. ''I have never written to any Senator or Congressman before now,'' she wrote. ''This is so important to our Government and its citizens.''

One small business owner wrote me about a company he started in his garage that now employs 100 people. He said that because of the credit crisis, the interest rate he is paying on his building jumped 400 percent. Speaking on behalf of all small business owners in his community, he had a simple message: ''Kentuckians need help now.''

Here is what a woman from central Kentucky wrote to me about the financial rescue plan the House of Representatives rejected yesterday. She said:

> I hope you will not lose sight of the vast numbers of innocent Americans who work tirelessly to create a better future for our children and fellow Americans, who could be financially wrecked by plummeting U.S. and overseas markets.

If the rescue plan fails, this woman added, she is afraid she will have to sell off part of her family's farmland.

The credit crisis is spreading. It has gotten too big to ignore, and it is too big for one party to solve on its own. Congressional leaders are assessing the legislative path forward, but one thing is clear: Any solution will be a bipartisan solution. Both sides have to work together, and we will stay until the answer is yes.

There was a lot of frustration around here yesterday which led to a lot of accusations and blame. Today we must move forward together. The voters sent us to respond to crises, not to ignore them, and if you fail the first time, you get back up and work with each other and you figure a way to get it done.

We know what we need to do and we know we need to do it quickly and we know that time is not the ally of millions of Americans facing a serious threat to their way of life. The majority leader understands this, and he and I are working together to find a way to get to yes.

Working together is the only way to get this rescue plan passed, and that is exactly what we intend to do.

I yield the floor. 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.

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

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

Mr. BENNETT. Mr. President, I appreciate the statement of the Republican leader with respect to our determination to get this done. I think all of us should recognize that these are extraordinary times, and I want to sound a warning to those who have the opinion that yesterday's drop in the stock market was simply a one-time correction; that the stock market is coming back today, and that the markets are going to absorb the shock of the lack of action on the part of the House of Representatives.

I would point out that markets are driven by future expectations, and when the stock market assumed, on the basis of the vote in the House, that we would not have any kind of Federal action on the financial rescue package, it dropped more dramatically than at any other time in its history in total number of points, and it dropped percentage-wise for the worst drop since 9/11.

Now, as there has been an expectation that the Congress will move, the stock market is back up today but nowhere near back up to the point it was before the drop occurred yesterday. If we break the expectation once again, this time the market will drop and there will be no coming back up. This time, your 401(k), your pension plan, your retirement account will be hurt in a way that will take years to recover.

Let's talk about numbers to demonstrate the importance of this. One of the things we have heard with respect to the financial rescue plan is that $700 billion is far too big an amount for the taxpayers to absorb. Yesterday, over 1 trillion dollars' worth of market value was wiped off the books by the stock market drop. We must understand that it is ordinary people looking at ordinary pensions with their ordinary Main Street kind of 401(k) plans who lost that trillion dollars, and they lost it in a matter of minutes. The market plunged over 700 points in a matter of minutes, and 1 trillion dollars' worth of ordinary American value was wiped out.

This is not a trivial event, and we should pay attention to it. As I say, the stock market now believes we are going to get serious about this and get something passed, and so it is up today about 250 points. But that is only one-third of the 777 points that were lost yesterday. We should not congratulate ourselves on the 250-point rally that it has somehow removed the sting of the 777-point drop that occurred yesterday.

We keep hearing, well, the markets will adjust and everything will be all right and the stock market will be OK. But let's move away from the stock market to where the real problem lies, which is in the credit markets. We don't have a single barometer for the credit markets the way we do with Dow Jones following the stock market, but we have indications all along the way that the credit markets throughout the world have seized up; that is, banks are not loaning to banks, banks are not making credit available to those who have been their best customers as they wait to see how this works out. That is the place where those people who are saying this applies only to Wall Street are going to end up paying a huge price.

I have used this example before, but I am finding it is being duplicated in other States. Amidst the avalanche of phone calls into my office from angry Utahns demanding that we vote against this because they say this is a bailout of Wall Street, there are one or two other phone calls that get through. One of them came from an auto dealer. In the city or town where he operates, he is the city's largest employer.

He called and said: Senator, I know you are getting a lot of calls on the other side of this issue. Let me just point out one thing with respect to my business. I am the biggest employer in this town, and I may not be able to make payroll on Wednesday. The biggest employer in town, and none of my employees will get checks because the bank won't give me the line of credit that the bank has been making available to me for decades.

That is the implication of the seizing up of the credit markets. That has nothing to do with the stock value of this particular car dealer. That has to do with the paychecks that go into the pockets of the people who fix the cars, who wash the cars, and who try to sell the cars. They are the ones who will pay the price of the inaction in the Congress.

There are those who say, well, we should restructure the regulatory system so this doesn't happen again. We shouldn't act in such a precipitous fashion until we get all of these other issues on the table and discussed. Let's not act quickly.

I am perfectly willing to agree that the regulatory structure we have basically going back to the 1930s is inadequate for the kind of world in which we now live. And I am perfectly willing to agree the restructuring should be a serious one and a deep one. If you do a serious and deep restructuring of the way we handle credit markets in this country and confer with our counterparts in other countries around the world so the world structure is intelligently constructed, you are talking months, if not a year or so. And while we are putting forward our pet theories as to how that should be done, with experts on talk shows and from think tanks pontificating on cable television, payrolls may not be met in towns in my State.

This is a crisis that has to be dealt with now. We can deal with the restructuring of the financial regulatory system at our leisure, but we must not take our eye off the seriousness of the crisis, both in terms of its size and in terms of its pressure. This morning's financial journals make it clear that throughout many countries in the world they and their central banks have not yet addressed the seriousness of the crisis, and we will see problems overseas begin to wash up on our shores to make our problem that much worse if we don't act.

There are those who say, well, we shouldn't give this much power to the Secretary of the Treasury. I don't like the idea of one man having this much authority. The proposal that has been put together creates an oversight board with real power. It creates a board that could rein in a Secretary of the Treasury who abused his power or who got out too far in front. It is my understanding that we have built-in congressional review in the bill that the House defeated—congressional review, congressional oversight—that could have said to a Secretary of Treasury: You are too far extended, and we are going to hold back on the authority we have given you.

But we have a crisis that needs to be dealt with and needs to be dealt with now. We shouldn't be arguing over whether the city council should second-guess the police chief as he rushes to deal with a crisis, a police chief in whom the city council had confidence when they chose him in the first place. This Secretary of the Treasury is well known as one of the more expert money managers in the country. He has been completely open in all of his discussions with members of the leadership of both parties, and members of the leadership of both parties have expressed confidence in his ability to do this. They have created the oversight board that is in the bill that will pull him back if he does it improperly.

The entire $700 billion will not be committed immediately—cannot be committed immediately. It must be handled in an orderly fashion. We understand from the Secretary that the pattern of its disbursement will run at the level of about $50 billion a month. So we are not talking about giving $700 billion overnight in a single check to a single man for him to go out and waste. Those on the talk shows who make that comment simply demonstrate they do not understand what is in the bill.

But the fact that the Secretary of the Treasury can say to the credit markets that are frozen: I have potentially $700 billion available to solve this problem, is a very powerful message that will help solve the problem. A very important part of the problem is the sense of confidence that we are serious about getting it done.

If we say, well, we are going to give the Secretary of the Treasury $100 billion and see how it works, that sends a message we are not confident that this will do any good. If we are going to say, well, we want a board to examine every aspect of this proposal. We are not going to give the Secretary authority to move ahead decisively. That sends the message we are not confident this will work.

The bill the House voted down which said the Secretary can say to the market that potentially we have $700 billion that can be applied to this problem, and he has full authority to commit it, subject to review of the oversight board and the ultimate review of Congress, that is a statement of confidence that the markets can believe.

Now, let me talk just briefly about where the $700 billion number comes from. It is not pulled from out of the air. It is not a number that somebody thought up as sounding pretty big. The total amount of mortgages in the United States is approximately $14 trillion, and the percentage of those mortgages that are bad and probably cannot pay out is about 5 percent. Five percent of $14 trillion is $700 billion. But the assets that the $700 billion will acquire will not be all of the bad mortgages. The assets they will acquire will be a mixture of bad mortgages and good mortgages. Why? Because nobody knows which are the bad mortgages and which are the good mortgages. The only way we are going to find out is hold the mortgage to maturity and see which ones get paid and which ones don't. They are all packaged together.

So the Secretary, by putting 5 percent of the total amount of mortgages available to acquire those that are questionable is sending a message of great confidence to the market by acquiring those mortgages and creating a circumstance whereby once the good ones pay out, the taxpayers will receive money back.

Indeed, there are some who say the U.S. Government will make money. I don't happen to believe that it will, but I can't prove that it will not, and there is certainly an indication in past history that it will.

If we go through the past circumstances, where the Federal Government has intervened in circumstances of need, starting with the Chrysler loans, the Federal Government made money on the Chrysler loans.

Chrysler righted itself by virtue of having access to that money, paid interest on the loans, and the taxpayer received a financial benefit for the Government having entered into the Chrysler loan program.

If I had been in Congress at the time, I probably would have voted against it for other reasons, but for financial reasons, it was a good deal. If you look at the deal that has been made recently with the Federal Reserve and Bear Stearns, the Federal Reserve stepped in with the Bear Stearns circumstances. What did they do?

They forced the sale of Bear Stearns and then they opened the Fed window so Bear Stearns could borrow money. What happens when you borrow money? You pay interest. By making sure Bear Stearns did not go down, the Federal Reserve guaranteed that Bear Stearns will be able to pay the interest on the money that is made available to them. Who gets that interest when it is paid? The American taxpayer.

It will be paid into the Federal Reserve account. When the Federal Reserve makes money, their surplus gets paid to the American taxpayer. The American taxpayer will receive a benefit, a financial benefit, from the deal that was made by the Federal Reserve and Bear Stearns. The same will be true with AIG, the insurance giant. They will be paying interest on the money that has been made available to them on a loan basis, and the taxpayer will receive that interest.

So for those who are out there adding up the face value of every deal we have made and then adding it to the $700 billion and then telling us all that it is gone and there will never be any of it coming back to the Treasury, they are wrong. They are misleading the American people with that kind of talk. Frankly, it is those commentators who are adding up those numbers irresponsibly, who are driving the angry phone calls that are coming into my office and the office of everyone else here.

Now, I understand their anger. I am sympathetic with their anger. I am as disappointed as anybody that we allowed this situation to get to where it is. But I say to those who are angry: Let's leave it up to the historians to sort out where the blame should go. Let's put out the fire right now. Let's not spend our time as the fire is burning running around trying to find out who the arsonist may have been, while the fire destroys the building. Let's free up the credit markets right now. Let's send a signal of confidence to the world markets right now. We should have done it on Monday in the House of Representatives. We did not.

Negotiations are now going on between the leaders of both Houses and the leaders of both parties to try to find some new program that might pass. Once we do, we will get another vote. The Republican leader has made that very clear. The majority leader has made that clear. We are not leaving town until we get another vote.

That is why the stock market is as encouraging as it is. But we must understand, if we do not act, the lack of confidence will produce a worldwide wave of credit seizing up, and it will be the small businesses, it will be the 401(k) plans, it will be the pension programs for teachers and nurses and others who are depending upon those plans for their retirement that will pay the price.

Some will feel very virtuous about having voted against Wall Street and then turn around and find that their constituents generally have paid a huge price for that vote. The stock market took over $1 trillion worth of value out of the American economy in a matter of minutes on Monday afternoon. We must do everything we can to make sure that does not turn into $2 trillion, $3 trillion or $4 trillion wiped away because the Congress was not willing to stand up to its responsibilities.

I have faith that ultimately we will. I have faith that the Members of the House and the Members of the Senate will ultimately recognize their responsibility and do the right thing.

I go back to a quote by Winston Churchill, who commented on Americans, generally. He said:

> The Americans can always be depended upon to do the right thing after they have exhausted every other possibility.

Monday we exhausted our every other possibility. It is time to do the right thing. We in this body, as well as those in the other body, need to rise to the occasion.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I ask unanimous consent to speak as in morning business.

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

TAXES

Mr. GRASSLEY. Mr. President, beginning in the third week of July, I have come to the floor quite often to compare the tax plans of Senator MCCAIN and Senator OBAMA, our two Presidential candidates. I have talked about the relationship between party control and the likelihood of tax hikes or tax cuts. I have used the infamous thermometer chart to demonstrate. I am not going to go through all of it again because I have talked about it several times on the floor of the Senate.

But up on the top, you can see that when a Democratic President controls the White House and the Congress at the same time, you had the biggest tax increase. And then, if you come down through there, you find in various phases you have more or less tax decreases or tax increases, and you have the most tax decreases when you have a Republican President and a Republican Congress.

Now, that is over the last 28 years, approximately. In another speech I talked about the 1992 campaign promise of the middle-class tax cut. I contrasted the promised tax cut with the 1993 tax legislation that contained a world record price increase. I have used this chart that is going up there now to depict what it would look like with 16 years of tax hike amnesia and Rip Van Winkle.

In our first week back after the August recess, I returned to these topics and I discussed the effects of the proposed 17- to 33-percent increase in the top two rates. I focused on small business activity and how increased taxes hurt that small business activity and hurt the job creation machine of our great economy, which is small business.

Last week, I discussed the impact of Senator MCCAIN's and OBAMA's tax plans on seniors. Earlier this week, I discussed the fiscal effects of Senator MCCAIN and Senator OBAMA's plans. Today, I focus on how both tax plans would affect the middle class. The press and the candidates have focused a lot of attention on the middle class. In fact, I remember a speech of Senator OBAMA's alluding to something about he never heard Senator MCCAIN in the debate last week say anything about the middle class.

Well, Senator MCCAIN is not comfortable in the class war-type rhetoric that some people are comfortable using, and he talks about the middle class a lot when he talks about small business and working men and women. So we have heard a lot about the middle class. So I wish to concentrate on that.

My discussion today will focus on tax policy. But to get a handle on what is and is not middle-class relief, we need to see if we can define the term ''middle class.'' Today I think we need to get answers to several questions as we try to get to the bottom line of where Senators MCCAIN and OBAMA are on middle-class tax relief.

The first question would be: What is the definition of ''middle class''? To get at this question, we need to see what the two candidates say about who is in the middle class and how their plan defines the middle class.

The second question would be: Where are Senators MCCAIN and OBAMA on the current law of middle-class tax relief that is set to expire. I am referring to the family tax relief provisions that expire at the beginning of 2011 and the alternative minimum tax fix.

To get to that question, we need to look at where each candidate's record has been on bipartisan tax relief. We also need to look at what they plan to do with these expiring tax relief provisions, which means when the tax laws of 2001 and 2003 sunset December 31, 2010.

The third broad question is: Where would Senator MCCAIN and Senator OBAMA further reduce or hike taxes on middle-class families? To get an answer to this question we will take a look at each of the candidate's new proposals for middle-class tax cuts.

If you turn to factcheck.org, you will find the definition is not simple about what is a middle class. According to factcheck.org, there is no clear definition of middle class. Here is what they say there:

> Middle class means different things to different people and politicians. There is no standard definition, and, in fact, an overwhelming majority of Americans say they are middle class or upper middle class or

working class in public opinion polls. Hardly anyone considers themselves lower class or upper class in America.

I ask unanimous consent to have this material printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. GRASSLEY. I have a chart that breaks down the answers to a Pugh Research Center poll. Among other questions, the poll asks whether folks thought of themselves as upper class, upper middle class, middle class, lower middle class, and lower class. In other words, basically dividing the country into different quintiles.

According to the poll, 53 percent of Americans considered themselves middle class, 19 percent consider themselves upper middle class, and 19 percent consider themselves lower middle class. So you have this outstandingly high percentage of 92 percent of Americans who consider themselves something other than upper class or lower class.

Since we are examining Senator MCCAIN's and Senator OBAMA's tax plans, it is fair to ask about their definition of middle class.

On August 16 of this year, Senator MCCAIN appeared on Pastor Rick Warren's forum at Saddleback Church in Albuquerque, NM. Pastor Warren asked Senator MCCAIN to draw a line, in tax relief dollar terms, between the middle class and the rich. Senator MCCAIN's answer reflects the ambiguity of the factcheck.org definition. I quote Senator MCCAIN:

> I think the rich should be defined by a home, a good job, an education and the ability to hand our children a more prosperous and safer world than the one we inherited.
>
> So if you're just talking about income—

Then on television there was kind of a laugh and smile at that point—

> how about $5 million? No, but seriously, I don't think you can. I don't think seriously that the point is I'm trying to make, seriously, and I'm sure that comment will be distorted but the point is . . . that we want to keep people's taxes low, and increase revenues. . . . So it doesn't really matter what my definition of rich is because I don't want to raise anyone's taxes. I really don't.

How does Senator OBAMA define the middle class? In an interview with Fox News of Bill Hemmer, Senator OBAMA answered the question this way:

> You know, what I would say is, if you are making more than $250,000, then you're more than middle class. You're doing better. If you are making less than $250,000, then you are definitely somewhere in the middle class. And if you're making $150,000 or less, then I would think most Americans would agree you're middle class. So that's why the fact that you are making less than $250,000, you will not see your taxes go up under an Obama administration. And you will see tax cuts with more money in your pocket, if you are making less than $150,000.

I ask unanimous consent to have printed in the RECORD the Bill Hemmer interview.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OBAMA DEFINES "MIDDLE CLASS"

(By Major Garrett)

WASHINGTON.—I wanted to throw out for consideration and debate a question I've found myself asking Democrats, Republicans, Independents and economists for years: who is in the middle class?

In the 1990s, the answers I received were almost entirely linked to income figures—the income of a family of four, or three or of a single person in his or her twenties, or an elderly person on a fixed income determined how close or how far they were from "middle class" status.

About the time of millennium, I began to notice that the answer to who was "middle class" began to change from relatively precise figures to very broad income strata. It was as if politicians—particularly at the national level—began to believe that incomes varied as widely as the core cost of living. Therefore, an income designation, for example, linked to the U.S. Census Bureau definition of median or mean income for an individual or family, would no longer work as a means of defining with precision who was or was not middle class.

In other words, individuals or families in New York, Los Angeles, Chicago, San Francisco, Boston or other high-cost urban areas could earn three times the median or mean family income and still feel strapped by month-to-month costs.

In other words, middle class status seemed over time to be less rooted in specific income figures, but regional differences in income and cost-of-living. It also seemed to reflect a sense among politicians and some economists that "middle class" is not just a matter of figures, but also a state of mind.

At my suggestion, my colleague Bill Hemmer was kind of enough to ask Sen. Barack Obama in London how he defined the middle class.

Here is the transcript of that exchange:

HEMMER: You mentioned the economy. You travel back to the U.S. this weekend. You're going back to a country with a limping economy, "ailing," I think, is one of the words The Economist used at the end of last week.

You have suggested that taxes will be raised on some Americans. You have also suggested that taxes will be lowered for some Americans. In a limping or an ailing economy, why raise taxes on anyone?

OBAMA: Well, the—because we also have a $400 billion or so budget deficit, because we've also got to invest in infrastructure. We've got to deal with the fact that a lot more people are unemployed and are going to need unemployment benefits. We've got to shore up the housing market because people are experiencing foreclosures.

And that's why I've structured a change in the tax code where if you are making $150,000 a year or less, you're getting a tax cut, 95 percent of the American families will get a tax cut.

HEMMER: What do you consider . . .

OBAMA: And the people who are going to see their income taxes raised, go up, are making more than $250,000 a year. So you and I will pay a little bit more in taxes because we can afford it. And what that allows us to do is to help the vast majority of Americans who are really hurting in this economy.

HEMMER: I know we're pushed for time. Can you give me a definition of the middle class based on income, within a range?

OBAMA: You know, what I would say is, if you are making more than $250,000, then you're more than middle class. You're doing better. If you are making less than $250,000, then you are definitely somewhere in the middle class.

And if you're making $150,000 or less, then I think most Americans would agree that you're middle class. So that's why the fact that if you are making less than $250,000, you will not see your taxes go up under an Obama administration. And you will get tax cuts and more money in your pocket if you make less $150,000.

I think that's the right way to promote the kind of bottom-up economic growth that's going to make a difference in people's lives.

Here is how the government tabulates two different types of mid-point incomes in America. The Census Bureau calculates median income (the precise mid-point between all tabulated incomes) and the mean income (the average of all the tabulated incomes) of families and individuals. The figures below are for families and individuals for 2006.

Income of family households in U.S. in 2006 (most recent year available)Median: $59,894 Mean: $77,315

(Source: Census Bureau: Income, Poverty, and Health Insurance Coverage in the United States: 2006, http://www.census.gov/prod/2007pubs/p60–233.pdf and Current Population Survey: Annual Social and Economic (ASEC) Supplement, http://pubdb3.census.gov/macro/032007/faminc/new07__000.htm)

Income of all households in U.S. in 2006 (most recent year available)Median: $48,201 Mean: $66,570

(Source: Census Bureau: Income, Poverty, and Health Insurance Coverage in the United States: 2006, http://www.census.gov/prod/2007pubs/p60–233.pdf and Current Population Survey: Annual Social and Economic (ASEC) Supplement, http://pubdb3.census.gov/macro/032007/hhinc/new06__000.htm)

So, the question I set before those of you who wish to discuss and debate are these: what is the middle class; are you in the middle class; have you always been there and do you ever imagine you live better than "middle class"; and to what extent does your conception of "middle class" affect your view on how high taxes should be which income category.

Let the discussion and debate begin.

Mr. GRASSLEY. Senator MCCAIN doesn't adopt a sharp line definition of middle class. Senator OBAMA defines middle class as everyone below $150,000. Senator OBAMA defines as a neutral area those earning between $150,000 and $250,000. Senator OBAMA defines families earning above $250,000 as upper class.

Now that we have the stated definitions of middle class, let's take a look at where Senators MCCAIN and OBAMA would change the current family tax rate. If you take a look at Senator MCCAIN's plan, you can get a handle of where he wants to cut middle-class taxes. In effect, you can get an idea of where Senator MCCAIN believes further middle-class tax relief ought to go. Senator MCCAIN would lower current law levels of taxation in two widely applicable proposals. The first would double the dependent personal exemption for a family of four. This relief would apply to taxpayers with incomes up to $120,000. This new tax relief would be phased out for those families between $50,000 and $120,000. I have a chart that shows which groups of families would be affected by Senator MCCAIN's tax proposal. It is called the regular tax, between $32,000 and $132,000, by increasing the dependent personal exemption from $3,500 to $7,000.

The other area of family tax relief that Senator MCCAIN is targeting is relief from the alternative minimum tax. During the last couple of weeks, the House and Senate have debated AMT extension bills. Take a look at the CONGRESSIONAL RECORD and examine the debate. If you do, you will see nearly all the Democrats and most Republicans in both bodies describe the overreach of the alternative minimum tax as a middle-class family tax problem. If the AMT patch is almost universally defined as middle-class tax relief, then a fair question is: Who benefits from this fix?

I have a chart that shows this. The chart refers to a Joint Committee on Taxation analysis of the last fix that became law, meaning the 2007 alternative minimum tax fix. You can see how it affected people in different categories. You will see from the chart that the AMT patch benefited families between $40,000 and $50,000 on the low end. And as we travel across the chart, you will see the biggest category of families benefiting to be in the $75,000 to $100,000 category and the $100,000 to $200,000 category. Roughly half the families benefiting, over 9 million, earned between $100,000 and $200,00. On the higher end, we find about half a million families earning between $200,000 and $500,000 also benefited from making sure that the alternative minimum tax doesn't hit middle-income people, a group of people who could be hit if Congress didn't fix it from year to year so that they didn't get hit. This year that number is 23 million people who would get hit if the Senate hadn't passed the bill we did last week.

The AMT patch relief conforms to polling data on how Americans define themselves. The AMT patch problem that the patch remedies spreads across a broad swath of American taxpayers, as we saw from the chart.

Senator MCCAIN's second major tax relief proposal would build upon the alternative minimum tax fix. Senator MCCAIN would extend the alternative minimum tax fix and enlarge it, starting in the year 2013. Under Senator MCCAIN's plan, we would start to reduce the reach of the alternative minimum tax by expanding the patch by 5 percent per year on top of the increase in exemption amount of the patch for inflation. That proposal would provide more relief to some of the 4 million families currently paying the alternative minimum tax.

If we step back and take a look, we see that Senator MCCAIN would further reduce regular taxes for families between $32,000 and $120,000. Again, we have up the same chart. Senator MCCAIN would extend the AMT patch and gradually enhance it, and most of the families who would benefit from the AMT patch have incomes between $50,000 on the low end and $200,000 on the high. So it looks as if Senator MCCAIN's operational definition of middle class probably conforms to the definition that we find in public opinion polls.

Senator OBAMA's stated definition of the middle class, in terms of further tax relief, consists of taxpayers earning under $150,000. Let's take a look at how his plan would operate. Senator OBAMA used a different definition of middle class in contrasting his tax relief plan with that of Senator MCCAIN. Here is what Senator OBAMA's campaign said:

> According to the Tax Policy Center, the Obama plan provides three times as much tax relief for middle-class families as the McCain plan.

Behind that claim is a comparison of the Tax Policy Center analysis of Senators MCCAIN's and OBAMA's plans, proposals on families in the middle-income quintile. The middle-income quintile refers to the middle 20 percent of all families in America. According to the Tax Policy Center, that band of income runs between $37,596 and $66,354. I have a chart that depicts the band of income that would represent that middle income. We would point here to Senator OBAMA's tax relief down there, the light blue, between $37,000 and the $66,000 figures. As we can see, this is a much smaller group, 20 percent of the population topping out a bit above $66,000 a year income. That is far below the $150,000 and $250,000 figures Senator OBAMA mentioned in the Fox News interview I placed in the RECORD.

On the AMT patch, Senator OBAMA supports his words ''fiscally responsible'' AMT reform, whatever that vague concept means. Unlike Senator MCCAIN, Senator OBAMA conditions extension of the AMT patch on his notion of ''fiscal responsibility.'' The Tax Policy Center assumes that this means that Senator OBAMA would extend the AMT patch and index it for inflation. However, this is just one think tank's interpretation of Senator OBAMA's statement that he supports fiscally responsible AMT reform. But for the sake of comparison, at least until 2013, the two candidates seem to be targeting the same middle-class family population. I depicted that band of middle-class tax relief on the chart, as we can see.

When we look at how both plans operate, Senator MCCAIN's plan targets new regular family tax relief at middle-class families between $32,000 and $120,000. Senator OBAMA targets new regular family tax relief at middle-class families between $38,000 and $66,000. Both candidates target the same population for AMT patch extension. Senator MCCAIN proposes additional alternative minimum tax relief by expanding the AMT patch in the year 2013 and beyond.

Let's turn to the second question. The question is, How will Senators MCCAIN and OBAMA deal with middle-class family tax relief that will expire? The bipartisan tax cuts, from 2001 and 2003, provide a very large amount of tax relief to middle-class families. So the question is, Should we allow this tax relief to expire, as it will at the end of 2010? And if Congress doesn't do anything, as you have heard me say, we will get the biggest tax increase in the history of the country without even a vote of Congress because that is what sunsets do. You go back to old law. These 2001 and 2003 bipartisan tax cuts are set to expire at the end of 2010. If these tax cuts are extended, then in 2011 a married couple making $50,000 with two children would save an average of $2,300 on their tax bill. It is clear enough. I don't have to dwell on what the chart says. If we don't do anything for this class of taxpayers, the tax bill is going to go up $2,300 per year.

Likewise, you can take any class of people, but let's look at a single mom with two kids who makes $30,000 a year. She would save an average of $1,100 off of her tax bill in 2011, if the 2001 and 2003 tax cuts are extended—the same wall only with different figures. The 2001 and 2003 bipartisan tax relief bills provide much needed tax relief, almost all of which is scheduled to expire by the end of 2010. This bipartisan tax relief doubled the child tax credit, allowed this child tax credit to be used against any AMT liability, and made a large portion of this child tax credit refundable. This bipartisan tax relief also permanently extended the adoption tax credit and increased the credit to $10,000 per child. This bipartisan tax relief also increased the dependent care credit to a maximum of $6,000. In addition, it also provided tax relief from the marriage penalty. This bipartisan tax relief also provided a number of tax relief provisions to help make education more affordable.

For example, one provision gave a deduction up to $4,000 for college tuition and related expenses. In addition, another provision increased the annual limit on contributions to education IRAs from $500 a year to $2,000 a year.

I believe it is useful to look at where the candidates have been with respect to their positions on middle-class tax relief. Senator MCCAIN has consistently supported middle-class tax relief in his Senate career. As far as I am aware, Senator MCCAIN has never voted to raise taxes on middle-income families. Senator MCCAIN helped prevent tax increases on middle-income families in 2004 by voting for the Working Families Tax Relief Act of 2004. Senator MCCAIN's budget votes have consistently provided room for the extension of the lower income tax rates as well as suspension of the harmful PEP and PEASE provisions that are now being phased out because of the 2001 tax bill. In addition, Senator MCCAIN has been consistently a supporter of even the repeal of those two provisions.

On the other hand, Senator OBAMA voted for the Democratic budget and the budget conference report this year that did not provide room to protect Americans in the 25-, 28-, 33-, and 35-percent tax brackets from being hit with this tax increase that will automatically happen at the end of 2010 because of sunsets. So we get, as I said once before, the biggest tax increase in the history of the country, without a vote of Congress.

According to the IRS, single individuals falling within the 25-percent bracket in 2008 start at taxable income of more than $32,550. They earn taxable income of no more than $78,850. Singles in the 28-percent bracket will earn taxable income of more than $78,850 or less than $164,550.

Senator OBAMA said in the Presidential candidates' September 26, 2008, debate he would not raise taxes a dime on people making under $250,000. But his two budget votes in 2008 do not provide room for him to keep that promise. In fact, he could not even make good on that promise to those singles making over $32,550 on taxable income based on the Democratic budget he voted for.

Instead, these taxpayers with over $32,550 in taxable income would be hit with a hidden marginal tax rate increase in the PEP and PEASE categories as well as a transparent marginal tax rate increase according to the budget that Senator OBAMA voted for.

I turn now to the harmful alternative minimum tax, or the AMT. Both parties agree the AMT is a tax on the middle class that the middle class should never have to pay. Why it hits them—and they should never have to pay it—and why Congress takes corrective action is because it was never indexed. In addition, both parties deserve blame for the problem we have, that the AMT is not indexed. However, the Omnibus Budget Reconciliation Act of 1993, passed strictly on party-line votes by a Democratic majority and signed into law by President Clinton, did even a lot more damage to the alternative minimum tax.

In the 1993 tax bill, the exemption level was increased to $33,750 for individuals and $45,000 for joint returns, but this was accompanied by yet great increases beyond what was already in law. Importantly, as in previous bills related to the AMT, these exemption amounts were not indexed for inflation. By the way, the 1993 tax increase was passed on strictly party-line votes, with the Democrats supplying the majority.

Once again, graduated rates were introduced, except this time they were 26 percent and 28 percent. By tinkering with the rate, as well as the exemption level of the AMT, these bills were only doing what Congress has been doing on a bipartisan basis for almost 40 years, which is to undertake a wholly inadequate approach to the problem that keeps getting bigger. By ''problem'' I mean taxing middle-income people by the alternative minimum tax—a class of people whom it was never supposed to apply to.

Aside from this futile tinkering I suggested from the 1993 bill, Congress—and, of course, we have tinkered with the AMT over the years to keep it from hitting additional middle class—Congress has in other circumstances completely ignored the impact of tax legislation on taxpayers caught by the AMT. In the 1990s, a series of tax credits, such as the child tax credit and the lifetime learning credit, were adopted without any regard to the AMT. The AMT limited the use of nonrefundable credits, and that did not change.

However, Congress quickly realized the ridiculousness of this situation and waived the AMT disallowance of nonrefundable personal credits, but it only did it through the year 1998. In 1999, the issue again had to be dealt with. The Congress passed the Taxpayer Refund and Relief Act of 1999. In the Senate, only Republicans voted for the bill. That bill included a provision to finally repeal the alternative minimum tax that was on the books from 1969 to that point. Senator MCCAIN voted in favor of this bill to repeal the AMT. However, then-President Clinton vetoed the bill. So we still continued to have the alternative minimum tax.

Later on, in 1999, an extenders bill, including a fix good through 2001, was enacted which held harmless AMT for a little while longer.

In 2001, we departed from these temporary piecemeal solutions to fix the AMT through the tax bill of 2001. That bill permanently allowed the child tax credit, the adoption tax credit, and the IRA contribution credit to be claimed against a taxpayer's AMT. While this was certainly not a complete solution, it was a step in the right direction. More importantly, the 2001 bill was a bipartisan effort to stop the further intrusion of the alternative minimum tax hitting the middle class. The package Senator BAUCUS and I put together effectively prevented inflation from pulling anyone else into the AMT through the year 2005.

Our friends in the House originally wanted to enact a hold harmless only through the end of 2001. But the final compromise bill signed by the President increased the AMT exemption amount through 2005. Since the 2001 tax relief bill, the Finance Committee has produced bipartisan packages to continue to increase exemption amounts to keep taxpayers ahead of inflation, including the bill of 2005. Most currently, the 2007 AMT patch was extended in late 2007. Hopefully, the House will go along with what we did last week, and we will extend that through 2008.

These packages put together since 2001 are very unique in that they are the first sustained attempt undertaken by Congress to stem the spread of the AMT through inflation, hitting the middle class who was never intended to be hit.

Now, admittedly, these were nothing but short-term fixes. But they illustrate a comprehension of the AMT inflation problem and what needs to be done to solve it.

I now look at how the candidates have voted with respect to the AMT. Senator MCCAIN has consistently voted to protect Americans from the alternative minimum tax. Senator MCCAIN voted for the Tax Refund and Reconciliation Act of 1999, which contained a proposal to completely phase out the AMT. In fact, in the Senate, that conference report passed on Republican votes only, including Senator MCCAIN's. In 2001, when the AMT patch began, Senator MCCAIN supported the Senate version of the tax relief bill that patched the AMT for a longer period of time. Moreover, Senator MCCAIN voted for the Tax Increase Prevention and Reconciliation Act of 2005 and later bills that extended the AMT patch.

In stark contrast to Senator MCCAIN's voting record of providing relief from the AMT, Senator OBAMA voted against the AMT patch contained in the Tax Increase Prevention and Reconciliation Act of 2005. Also, Senator OBAMA opposed Republican budgets in 2005 and 2006 that provided revenue room for the AMT patch. Senator OBAMA supported the 2007 Democratic budget that omitted any revenue room for such an AMT patch. In 2008, Senator OBAMA supported the Democratic budget that, for the first time in this election year, provided some tax relief revenue room for fixing the AMT.

Senator MCCAIN supported the 2008 Republican budget that provided similar revenue room for the AMT.

Therefore, when looking at each candidate's voting record, the conclusion that becomes apparent is Senator MCCAIN has been much more supportive of middle-class tax relief than Senator OBAMA.

I will now turn to that third and final question I posed at the beginning of my remarks: What new proposals do the candidates offer on middle-class tax relief? We are going to move from the actions of the candidates and look, instead, at their words and what we can anticipate on whoever is sworn in on January 20 next year.

Let's take a look at Senator MCCAIN's tax plan. Senator MCCAIN proposes to extend all of the 2001 and 2003 bipartisan tax relief. In other words, for the most part, it seems to me you can say Senator MCCAIN does not want to increase taxes, by keeping the present tax policy basically where it has been, at least as far as not sunsetting in 2010 what we did in 2001 and 2003 and, hence, not get the biggest tax increase in the history of the country, without even a vote of Congress, because that is what happens when those tax provisions expire. Also, that is where you go back to that family of four getting a $2,300 tax increase on a married couple making $50,000. Likewise, a single mom with two kids who makes $30,000 a year would save an average of $1,100 if the 2001 and 2003 tax cuts are extended. Now, we have gone through those figures before, but they are up here on the chart so you can recall what I previously had said. But I think it is necessary to emphasize it because that is exactly what is going to happen at the end of 2010 if Congress does not step in and keep the American people, but, more importantly, the American economy, from being harmed by the biggest tax increase in the history of the country without a vote of the Congress.

In addition, Senator MCCAIN proposes additional AMT relief by expanding the AMT patch in 2013 by indexing the patch by an additional 5 percent per year in addition to the indexing done for inflation, until the joint exemption amount is $143,000, at which time the patch would only be indexed for inflation. Therefore, those families making $143,000 and below would eventually be exempt from the AMT, and this $143,000 amount would be indexed for inflation.

Senator MCCAIN would also double the dependent exemption from the current amount of $3,500 to $7,000. Senator MCCAIN proposes to do this by increasing the dependent exemption by $500 each year beginning in 2010, until it reaches that $7,000 by the year 2016.

Therefore, this would provide significant additional tax savings for any married couple or single parent with one or more children. The tax relief provided by the doubling of the dependent exemption would be in addition to tax relief provided by the alternative minimum tax patch and extension of the 2001 and 2003 tax cuts.

Now, let's look at Senator OBAMA. He has said he is in favor of extending what he calls the Bush tax cuts, except for those Americans who make over $250,000 a year. As I have mentioned before, these should not be referred to as the ''Bush tax cuts,'' because if President Bush had gotten his way in 2001, they would have been much more than what they were. So Senator BAUCUS and I sat down in 2001. We were the leaders of the Finance Committee, as we are still; in his case, the chairman now, and I am ranking Republican. We worked on a bipartisan basis and did something significantly different than what President Bush wanted to do.

Regardless, Senator OBAMA says he would extend all of the 2001 and 2003 bipartisan tax relief for those making $250,000 or less. This includes the provision I discussed above regarding the 2001 and 2003 bipartisan tax relief, including lowering some of the marginal tax rates, providing marriage penalty relief and doubling the amount of the child tax credit to $1,000 per child.

Although Senator OBAMA's voting record might indicate otherwise, Senator OBAMA claims that he is in favor of ''fiscally responsible AMT reform.'' The Tax Policy Center assumes this means using the alternative minimum tax patch and indexing that patch for inflation to prevent more middle-class Americans from being hit by the AMT each year.

Senator OBAMA is proposing a new $500 tax credit called the making work pay credit that has the effect of exempting the first $8,100 of earnings from the Social Security tax. He also proposes a credit of up to $800 equal to 10 percent of the mortgage interest paid by Americans who do not itemize deductions.

Senator OBAMA also proposes turning the current nonrefundable saver's tax credit into a refundable credit, and the maximum credit for a married couple is $500.

Senator OBAMA proposes to rename the HOPE and lifetime learning credit by calling it the American opportunity tax credit. In addition, he would like to increase the maximum amount of this refundable credit from $1,800 to $4,000 and to make the credit refundable.

Finally, Senator OBAMA claims he wants to expand the earned-income tax credit in various ways. He also claims he wants to expand the child and dependent care credit by making it refundable.

I turn now to examine whether Senator MCCAIN's and Senator OBAMA's promises regarding middle-class tax relief are realistic. Even if we assume both Senators want to enact all the tax cuts they are promising, could they deliver on these promises?

The nominally nonpartisan Tax Policy Center estimates that Senator OBAMA's tax plan will lose $2.9 trillion over 10 years when compared to current law. I have used this chart before in my speeches. I won't go into detail, but you can see the Obama plan is the top red line there which says how much it would lose. As I mentioned in a previous speech, this $2.9 trillion figure inaccurately assumes that Senator OBAMA's plan will be partially offset by $925 billion in revenue raisers. The Tax Policy Center refers to Senator OBAMA's $925 billion number as an ''unverifiable campaign-provided revenue estimate.'' As I mentioned in that previous speech, a more realistic estimate of revenue raisers over 10 years is approximately $220 billion, meaning Senator OBAMA's tax plan would actually lose another $705 billion in revenue. Therefore, the total revenue lost from Senator OBAMA's plan is not $2.9 trillion over 10 years but instead is approximately $3.6 trillion over 10 years.

The figure for Senator MCCAIN's plan is higher. As my colleagues can see, the Tax Policy Center shows Senator MCCAIN's plan to prevent widespread tax increases would lose revenue of $4.2 trillion over 10 years. In addition, as I mentioned in my prior remarks to the Senate, Senator MCCAIN's proposal assumes revenue raisers of $365 billion. If we net that $365 billion number against the known revenue raisers number of $220 billion, we find that Senator MCCAIN's plan is short of revenue raisers by $145 billion. Therefore, adding this $145 billion to the revenue loss of $4.2 trillion that the Tax Policy Center estimates for Senator MCCAIN's tax relief plan results in total revenue loss of $4.3 trillion.

The National Taxpayers Union, also referred to around here as the NTU, is a nonpartisan public policy research organization. The NTU's analysis, updated September 25, 2008, says that Senator MCCAIN's plan would include new spending of $92.4 billion per year. According to the NTU, this would result in spending increases of $924 billion over 10 years. Adding this $924 billion in estimated new spending to the revenue loss from Senator MCCAIN's tax plan, this results in a total of $5.2 trillion of revenue loss, plus spending for Senator MCCAIN's plan.

Now let's look at Senator OBAMA's tax and spending plans. Would Senator OBAMA's Democratic colleagues who have an obsession with pay-as-you-go on the tax side but not on the spending side, including House Blue Dog Democrats, go along with increasing the deficit approximately $3.6 trillion by Senator OBAMA's proposed tax cuts? This is even before taking into account the spending increases Senator OBAMA is proposing.

According to the nonpartisan NTU's analysis, which was updated September 25, 2008, Senator OBAMA has proposed to increase spending by $293 billion per year, which amounts to $2.9 trillion in additional spending over the 10-year window the Congressional Budget Office uses. Therefore, Senator OBAMA is proposing tax and spending programs that would increase the deficit by $6.5 trillion before even considering the cost of interest resulting from such an astronomical addition to our national debt. Therefore, Senator OBAMA proposes to increase the national debt by a whopping $1.3 trillion more than Senator MCCAIN over that next 10-year period.

A portion of Senator OBAMA's March 13, 2006, speech regarding fiscal responsibility is posted on his campaign Web site. A portion of this speech states:

> If Washington were serious about honest tax relief in this country, we would see an effort to reduce our national debt by returning to responsible fiscal policies.

Senator OBAMA's proposal to increase the national debt by $6.5 trillion is inconsistent with his statement regarding a return to fiscally responsible policy.

Even if he really did want to provide the tax relief he is promising, would a Democratic Congress let Senator OBAMA make good on most of his promises that would provide middle-class tax relief? Also, would a Democratic Congress fight attempts by Senator MCCAIN to enact the tax relief proposals he has made?

Similar promises to those made by Senator OBAMA were made by candidate Clinton in 1992. Candidate Clinton said taxes wouldn't be raised on people making under $200,000 a year. However, President Clinton then raised taxes on everyone making $20,000 and over in 1993.

Perhaps Senator OBAMA would be able to provide some of the tax relief he has been promising but only to those Americans falling within his narrow version of the middle class, stopping at individuals making $66,000 or less, that he has been using in his campaign ads stating that he will provide three times more tax breaks than Senator MCCAIN. Senator OBAMA has changed his definition of the middle class from $250,000 and below in his public statements to those making

$66,000 and below in his campaign ads and on his campaign Web site. This is definitely a change, but if you make more than $66,000, I wouldn't think this is a change you would ever want to believe in. One man's change is another man's flip-flop.

Considering the history when the Democratic Party has had control of the House, the Senate, and the Presidency—and I am going to put my thermometer chart back up here—considering the history of when the Democratic Party had control of the House, the Senate, and the Presidency, are you confident that Democrats won't raise taxes on you if you make $67,000, which is above the middle class, according to one of Senator OBAMA's two inconsistent definitions of middle class? As history has shown us, the largest tax increases come when Democrats control the House, the Senate, and the Presidency, and you see it at the top of the thermometer there. The lowest levels of taxation happen when you have a Republican President and you have a Republican Congress. As you look at the bottom, the figures appear at the bottom of the thermometer.

We need to carefully scrutinize Senator OBAMA's claims that Senator MCCAIN wouldn't provide any tax relief at all for 100 million Americans, citing the IRS statistics of income tax stats. Moreover, Senator OBAMA has criticized Senator MCCAIN's tax relief plan by saying that Senator MCCAIN's plan would not provide any direct tax cut other than increasing the dependent exemption. Even the nominally nonpartisan Tax Policy Center states that Senator MCCAIN would provide tax cuts for all Americans, as did the 2001 and 2003 bipartisan tax relief packages.

EXHIBIT 1

Q: Is there a standard, accepted definition of what constitutes the ''middle class''?

Is there a standard, accepted definition of what constitutes the ''middle class''? Politicians are fond of talking about how the middle class will be affected by policies and laws, but rarely do they define who is actually part of that group.

A: No, there isn't. ''Middle class'' means different things to different people—and politicians.

There is no standard definition, and in fact, an overwhelming majority of Americans say they are ''middle class'' or ''upper-middle class'' or ''working class'' in public opinion polls. Hardly anybody considers themselves ''lower class'' or ''upper class'' in America.

It's possible to come up with a definition of what constitutes ''middle income,'' but it will depend on how large a slice of the middle one prefers. If we look at U.S. Census Bureau statistics, which divide household income into quintiles, we could say that the ''middle'' quintile, or 20 percent, might be the ''middle'' class. In 2006, the average income for households in that middle group was $48,561 and the upper limit was $60,224. But we could just as reasonably use another Census figure, median family income. In 2006, the median—or ''middle''—income for a family of four was $70,354. Half of all four-person families made more; half made less.

Journalist Chris Baker examined the ambiguous meaning of the term ''middle class'' in a 2003 Washington Times story. He, too, found no generally accepted definition, but he did get this broad one from Jared Bernstein, an economist at the liberal Economic Policy Institute: ''There are working families who can pay their bills, but they have to really think about such minimal expenditures as picking up a pizza after work, going to the movies, making a long-distance telephone call. They may have some investments, but they depend on each paycheck for their well-being.''

But others could have different definitions. Baker interviewed a man who earned about $100,000 a year and a woman who made $35,000, both of whom said they were middle class.

Public opinion polls show how slippery the term can be. An Oct. 2007 poll by the Kaiser Family Foundation, Harvard School of Public Health and National Public Radio asked 1,527 adults what income level makes a family of four middle class. About 60 percent said a family earning $50,000 or $60,000 fit that description. But 42 percent answered an income of $40,000 and 48 percent said $80,000 were both middle class.

Other polls suggest that 90 percent or more of Americans consider themselves to be ''middle class'' or ''upper-middle class'' or ''working class.'' An April 2007 poll by CBS News found that of 994 adults surveyed only 2 percent said they were ''upper class,'' and 7 percent said they were ''lower class.'' In another poll, taken by Gallup/USA Today in May 2006, 1 percent said they were ''upper class,'' and 6 percent said they were ''lower class.'' Interestingly, since 12.3 percent of Americans were living below the official federal poverty level in 2006, these poll findings suggest many who are officially poor still consider themselves to be ''middle class'' or ''working class.''

So what do politicians mean when they say ''the middle class''? Good question. Each politician may be talking about a different group of Americans, but the message many voters hear is that the politician is talking about them.

For example, Democratic presidential candidate John Edwards calls for ''tax breaks to honor and strengthen three pillars of America's middle class: savings, work, and families.'' One of his proposals is to expand a tax credit to give dollar-for-dollar matches on savings up to $500 a year. Some version of that credit would be available to families earning up to $75,000.

Republican candidate Mitt Romney, meanwhile, has proposed eliminating ''taxes on dividends, capital gains, and interest on middle class families.'' He defines ''middle class'' as anyone with an adjusted gross income of under $200,000—and acknowledges that such a proposal would affect ''over 95 percent of American families.''—Lori Robertson

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Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER (Ms. KLOBUCHAR). The Senator from North Dakota is recognized.

Mr. DORGAN. Madam President, are we in a period of morning business?

The PRESIDING OFFICER. We are postcloture on the motion to concur.

THE ECONOMY

Mr. DORGAN. Madam President, I wish to talk about what is happening in the economy, the consequences, a bit about what happened yesterday, and what I think we should do going forward.

Yesterday, as most Americans now know, the stock market had a very significant down day—777 points down. Today it is up over 300 points as I speak.

We have gone through a very difficult time for a long period of time in this country. I wish to talk about the causes of it and the consequences of it. I am not going to, as some do, come to the floor to describe one party or another that is responsible for this or that. I don't think that is particularly helpful today. But I do wish to say that, tracking back to a couple of significant events—one in 1999 when the Congress, without my support, passed a piece of legislation that essentially repealed what is called the Glass-Steagall Act. This legislation was put in place by Franklin Delano Roosevelt during the Great Depression to protect banks and depositors by separating banks from riskier enterprises of real estate and securities—I pulled out some of Franklin Delano Roosevelt's radio addresses.

Here is an address he made in 1933. As my colleagues know, this is a President who had to confront the Great Depression, and here is what he said:

> We had a bad banking situation. Some of our bankers have shown themselves either incompetent or dishonest in their handling of the people's funds. They had used the money entrusted to them in speculations and unwise loans. This was of course not true in the vast majority of our banks, but it was true in enough of them to shock the people for a time into a sense of insecurity . . . It was the government's job to straighten out this situation and do it as quickly as possible . . . After all, there is an element in the readjustment of our financial system more important than currency, more important than gold, and that is the confidence of the people. You people must have faith; you must not be stampeded by rumors or guesses. Let us unite at banishing fear. We provided the machinery to restore our financial system. It is up to you to support it and make it work.

That was Franklin Delano Roosevelt in 1933. In 1934, he said this:

> The second step we have taken in the restoration of normal business enterprise has been to clean up thoroughly unwholesome conditions in the field of investment. In this we have had assistance from many bankers and businessmen, most of whom recognize the past evils in the banking system, in the sale of securities, in the deliberate encouragement of stock gambling, in the sale of unsound mortgages and in many other ways in which the public lost billions of dollars. They saw that without changes in the policies and methods of investment there could

be no recovery of public confidence in the security of savings.

Sounds a little like today, although Franklin Delano Roosevelt then took very aggressive steps to say we are going to separate banking from risk. You are no longer going to be able to have an FDIC-insured deposit institution called a bank and merge it with the speculation in real estate and securities. You just cannot do it. The Congress passed, at the President's request, something called the Glass-Steagall Act. That lasted for nearly 80 years, until 1999, when it was repealed.

There was a story this morning in a Wisconsin newspaper quoting me and quoting my late colleague, Paul Wellstone, who sat at the end of that row. We both spoke on the Senate floor. There were eight of us who opposed the Financial Modernization Act, they called it, because they always wrap bad things in good names. The Financial Modernization Act, what a misnamed act, but it repealed the Glass-Steagall Act. It set the stage for large financial holding companies. It set the stage for banks to be engaged in more risk. They said: We have to do this to move forward. Senator Phil Gramm actually led the charge. Gramm-Leach-Bliley was the name. Modernization they called it.

Some of us said it was going to be an unbelievable debacle. Here are a couple things I said when it passed the Senate the first time:

> I say to the people who own banks, if you want to gamble, go to Las Vegas. If you want to trade in derivatives, God bless you, do it with your own money. Do not do it through the deposits guaranteed by the American people.

Further, I said on the same day on the floor of the Senate:

> This bill will, in my judgment, raise the likelihood of future massive taxpayer bailouts.

I wish I had been wrong. I take no joy in being right.

When the bill came back in November as a conference report and eight of us voted against it in 1999, I said:

> Fusing together the idea of banking, which requires not just safety and soundness to be successful but the perception of safety and soundness, with other inherently risky speculative activity is, in my judgment, unwise . . . .

Then I said on the same day in November 1999 before the vote:

> We will in 10 years time look back and say: We should not have done that

Repeal Glass-Steagall—

because we forgot the lessons of the past.

What did we allow to happen as a result of all of this? We have seen today a substantial amount of activity as a result of the collapse on Wall Street and in the banking industry. Here are just a few of the actions most recently. J.P. Morgan decided to buy Bear Stearns because Bear Stearns was going to go belly up. And over a weekend, they worked, and the Federal Reserve Board and the Secretary of Treasury said the taxpayers will put up $29 billion so that J.P. Morgan can buy Bear Stearns so Bear Stearns doesn't have to go belly up.

I was looking in the Wall Street Journal today, and there is something about Bear Stearns. It is kind of interesting because it relates to what I am going to talk about in a whole range of these areas. It relates to something I call "dark money." That is a massive amount of money, essentially like money in a casino, that is moving around speculating that no one can see, no one knows who has it, where it is, how much it is.

This article is entitled "Too Much Money Is Beyond Legal Reach," from the Wall Street Journal. It talks about the "$1.9 trillion, almost all of it run out of the New York metropolitan area, that sits in the Cayman Islands, a secrecy jurisdiction. And another $1.5 trillion is lodged in four other secrecy jurisdictions."

Then they say:

> Most recently, two Bear Stearns hedge funds, based in the Cayman Islands, but run out of New York, collapsed without any warning to its investors. Because of the location of these financial institutions—in secrecy jurisdiction, outside the U.S. safety net of appropriate supervision—their desperate financial condition went undetected until it was too late.

You run the dark money through hedge funds, through Bear Stearns, through the Cayman Islands, it all goes belly up, no one even knows it is there. Then we have to find in a weekend that the American taxpayers should put up $29 billion so that J.P. Morgan can bail out a failed Bear Stearns.

Madam President, $300 billion immediately following that was available to investment banks that are unregulated because the Federal Reserve Board said: Investment banks can come to our loan window and get loans directly from the Federal Reserve Board. Never in the history of this country has that been allowed. Only FDIC-insured regulated banks could do that. It is estimated that $300 billion in direct loans from the window of the Federal Reserve Board went out to unregulated Wall Street firms.

Then bailing out Freddie and Fannie. J.P. Morgan Chase in Lehman financing. They have been around since the Civil War and went belly up through bad investments. AIG, the insurance company, goes belly up, and so there is an $85 billion loan provided by our Government to prevent their failure. Why did they fail? We are told a small unit in England with about 375 employees were engaged in something I will talk about in a bit, credit default swaps, which is essentially a huge gamble, and it pulled that whole company down, so the Federal Government had to bail them out with $85 billion. And $50 billion has now been pledged as guarantees for certain money market funds.

In recent days, Washington Mutual, a big bank, had to be taken over. Then in more recent days we have had Wachovia bank subsumed.

Here is what is happening. We have all these financial institutions we are told are too big to fail, which means we guarantee them. The Federal Reserve Board has a list of firms too big to fail. They are apparently not too big to regulate, just too big to fail, so the American taxpayer has to guarantee it.

Here is what has happened as a result. Bank of America buys Merrill Lynch. Washington Mutual is put on top of J.P. Morgan Chase. Citigroup, yesterday, buys Wachovia. What we have done is continued to consolidate even bigger and bigger firms. These three firms comprise almost one-third of all the banking activity in America now. Too big to fail? What is the answer? Make them bigger. It doesn't make any sense to me, but that is exactly where it is going.

Let me describe what I think is no-fault capitalism. You have all this dark money, and what has happened is you have had all of these fancy financial engineers who have concocted in recent years since 1999—since the shackles were taken off to do whatever they want, by and large, and since this administration came to town bragging it wasn't going to regulate. We hired the regulators, paid the regulators, but they boasted they were not interested in regulating anything.

I am quoting Steven Pearlstein who wrote a terrific piece on this earlier this year:

> Wall Street has been brilliant at dreaming up other financial innovations that picked up where junk bonds left off. These included complex futures and derivatives contracts; loan syndication; securitization; credit default swaps; off-balance-sheet vehicles; collateralized debt obligations . . .

And on and on.

What happens is this financial engineering that was so brilliant put everybody at risk—everybody. He says junk bonds were the first. I know something about junk bonds because I am the person who passed the legislation that brought down that market on junk bonds when, in fact, Michael Milken, sitting in his car in the morning riding as a passenger, going to work at Drexel Burnham, was wearing a miner's hat with a lamp on it so he could study his financial sheets. What he was doing is creating junk bonds and parking them in federally insured institutions.

The hood ornament of the excess back in those days was that the American taxpayers eventually ended up having to own and take possession of nonperforming junk bonds in one of America's largest casinos. Think about the stupidity of all that. I passed the legislation that shut that down, so I know about those excesses.

Now we have credit default swaps and CDOs and so many other exotic instruments and, by the way, so complicated that a lot of people don't even know what they are. Even those who have issued them cannot very easily understand them. What they have done is been able to hide risk, liabilities and losses from investors. "They have given traders a greater ability to secretly manipulate markets," Mr. Pearlstein says, and I agree.

Let me talk about this chart, the no-fault capitalism portion.

Merrill Lynch went belly up. What did the CEO of Merrill Lynch make last year? He made $161 million for running a company that got into trouble and had to be purchased. I don't understand.

John Mack, Morgan Stanley—they got into trouble—$41 million compensation last year.

Bear Stearns, the first company I mentioned, we had to arrange the purchase, the American taxpayers had to put up $29 billion to guarantee it, and the CEO of Bear Stearns made $34 million last year.

Lehman Brothers went belly up. The CEO made $22 million last year.

Washington Mutual went belly up. The CEO made $14 million last year. By the way, they just had a new CEO, or did. He had been on the job 3 weeks and signed a contract for a $7 million bonus for signing and a $12 million termination fee. I understand that has been voided. But it just shows you the same money is ricocheting around in the halls of these firms.

AIG, Martin Sullivan—we had to bail out AIG he made $14 million last year.

The question is, Where is the discipline? There is so much money ricocheting around Wall Street from all of these issues, and now we are told they all went sour. There are toxic, mortgage-backed securities, and the American taxpayers somehow have to come up with the money.

Let me talk for a moment about hedge funds. Warren Buffett once called hedge funds ''financial weapons of mass destruction'' because of the damage they can do to Wall Street in an instant. I just talked about some $20 million, $160 million for folks running failed institutions. Let me talk about the big income earners. The big income earners were John Paulson. He was the top of the heap last year. John Paulson made $3.7 billion. That means when he came home from work and his wife said, How did we do this month, sweetheart? he said: Well, we made $300 million this month. Madam President, $3.7 billion. Or perhaps he would say to his spouse: I made $10 million today. That would be more accurate—$10 million a day. John Paulson was the top income earner last year.

How did he make that money? In a hedge fund he bet very big in the drop of housing values and made $15 billion for his hedge fund. By the way, he also hired former Federal Reserve Board Chairman Alan Greenspan as an adviser. Yes, that is the same Alan Greenspan who was content to be an observer as this housing bubble burst, as predatory lending existed, and all these exotic instruments and all those mortgages I will talk about in a moment were created and traded. Nothing really seems too wacky these days in the world of finance.

There are some wonderful and creative people who work in finance and who run America's corporations and, by the way, many of them are worth their weight in gold. But what I see here is a form of no-fault capitalism in which a substantial amount of money is paid to some who run these corporations right into the ground, run their financial firms right into the ground with unbelievably risky bets on credit default swaps, collateralized debt, in which they back their balance sheet with risk, in some cases even move it offshore to tax haven countries at unbelievable risks, and then the American taxpayers are told: You know what. It didn't work very well, and you need to pay for it.

Let me go through the roots of this situation. I have done this many times. But as people sit on the edge of the chair watching what is happening to the Dow Jones Industrial Average today, they need to understand what is the root rot that exists out there, what is spoiled and rotten at the bottom. Let me describe what happened. It is not very complicated.

Almost every American has heard the radio and television ads over recent years: You know what you really need to do is get a better home mortgage, and we have one for you. We will give you a home mortgage where you get a 2-percent interest rate. Yes, that is right. Sounds unbelievable; it is not. We will give you a 2-percent interest rate on your home mortgage. We are not going to tell you, at least not very loudly, that it is going to reset in 3 years to 10 percent, but we can get you in at 2 percent. And by the way, home values are increasing. Get this loan at 2 percent, cut your monthly mortgage payment by two-thirds, and then, if 3 years from now you can't pay the reset mortgage, you can sell the house. Between now and then, you will make a lot of money anyway because home values are continuing to go up. That was the sales pitch.

So here is what happened all around this country. Here is Countrywide mortgage bank. They were purchased. They were run by a guy named Mozilo. He was given the Horatio Alger Award. Barron's named him one of the 30 most respected CEOs in America. In 2006, he made $142 million. As he was touting his company's stock, the New York Times reports he was selling $130 million of his company's stock, even as he was describing what a wonderful stock it was.

But here is what Countrywide said. They were advertising:

> Do you have less than perfect credit? Do you have late mortgage payments? Have you been denied by other lenders? Call us.

That is their advertisement. If you have bad credit, call us. We will give you a loan. The biggest mortgage bank in the country, run by a CEO who made a fortune and then got out—and by the way, he got away with it—before the company went down.

But it wasn't only Countrywide. Here is what Millennia Mortgage said:

> 12 months, no payments. That's right, we will give you the money to make your first 12 months' payments if you call in the next 7 days. We will pay it for you. Our loan program may reduce your current monthly payment by as much as 50 percent and allow you no payments for the first 12 months.

Here is a mortgage company saying, get a home mortgage from us and you don't have to make a payment for 12 months. They didn't, of course, say we are going to put that on the back end and that, ultimately, you will pay more for that home, and we are going to increase the interest rate.

Zoom Credit. I don't know who the CEO is or what he made, but here is what they said.

> Credit approval is just seconds away. Get on the fast track at Zoom Credit. At the speed of light, Zoom Credit will preapprove you for a car loan, a home loan, or a credit card. Even if your credit's in the tank, Zoom Credit's like money in the bank. Zoom Credit specializes in credit repair and debt consolidations, too. Bankruptcy, slow credit, no credit—who cares?

That is unbelievable, isn't it? So we had all these mortgages put out there, and we had a lot of people buying them, and here is what would happen. Countrywide would get a broker. They would sell somebody one of these mortgages—perhaps call them at home at night and say: You want to cut your home mortgage payment by two-thirds? We have a good deal for you. So they would go to Countrywide, they would securitize the loan, package them together with other loans into what is called a security, and then they would sell it upstream. They would put good loans in with bad loans, subprime with regular. They would cut them, slice them and dice them and hedge funds and investment banks and others would buy them. They didn't have the foggiest idea what they were doing. By the way, the rating companies were rating these as pretty good securities. So everybody was fat and happy and making lots of money.

Now, the result is that all these companies—and Wachovia is a good example because Wachovia was bought by Citigroup yesterday. Wachovia bought a company called Golden West about a year and a half ago, and Golden West was putting out these options mortgages. By the way, these are mortgages in which they advertise, we will give you a no documentation mortgage. You don't have to document your income. Or we will give you a no doc or low doc loan. No doc meaning you don't have to document how much money you make.

They also say that if you can't pay all your principal, that is okay. You can pay a part of the principal of the mortgage. Or you don't have to pay any principal, just pay interest. Or you don't have to pay any principal or all the interest, just part of the interest. Or with Millennia, you don't have to make any payments for the first 12 months. It got better and better and better. Why did they do that? Because they were locking people into bad mortgages—mortgages with teaser rates, very low, 2 percent in some cases, to be reset to a much higher rate in 3 years—and then they would lock in a prepayment penalty so you could never get out of it. Or to get out you would have to pay a huge penalty. Then they would sell it upstream. As they sold it upstream, they would sell a security that promised a 10-percent interest rate in 3 years with a prepayment penalty so it was unlikely the person could get out of it, and that security then had a higher yield. All these folks were amazed that they were able to buy securities with such a wonderful rate of return.

In the meantime, of course, it all collapsed. Because all those securities got out there on the balance sheets of these companies buying these securities in the name of greed—big returns. Then it all turned sour and began to smell like rotten fish, lying out there on the balance sheets, these nonperforming assets. It all turned sour. It began to pull under companies that were unwise enough to make these investments, and they were companies all over the country.

I mentioned some of the ways they did it. This is describing part of it. No documentation loans, low documentation loans. Even as we talk about its impact on the economy, if you think this has stopped, it has not. There is a credit lockup in this country, they say. Probably so, in some areas. But I went to the Internet a couple days ago and I found, under a search for a no doc income loans, I found 325 different places on the Internet that provide these kind of home loans right now: No credit check. Bad credit loans.

It has not yet stopped. Here is part of what I found on the Internet.

Easy loan for you. Do you have bad credit? Get approved today.

You can go find that on the Internet right now. Here is another one you can find on the Internet right now: speedybadcreditloans.com. Think of that. How unbelievably ignorant, speedybadcreditloans. When we face the crisis we now face because of this unparalleled greed and the toxic mortgage-backed securities that exist on the balance sheets of all these companies, threatening to bring down these corporations, and they are still selling them.

SpeedyBadCreditLoans. Bad credit, no problem. No credit, no problem. Bankruptcy, no problem.

I think I have described what has put out a substantial amount of toxic investments throughout this country, which has caused unbelievable chaos not just in this country but across the world. I think there are a number of things we ought to do.

I know the discussion yesterday was about a $700 billion bailout, or rescue fund, that did not survive in the House of Representatives. I hope now those who are going to put together some changes to that plan—I assume there will be some changes, and I do support some of the discussion today about increasing the size of bank accounts that are FDIC insured from $100,000 to $250,000. If we had changed that over time for the value of money, it would be well over $200,000 now. So I believe it would be useful and provide some confidence to provide that additional insurance to a $250,000-per-account level. But I strongly feel that a couple other things have to be done.

We can't let this moment pass, and we can't have this economy in peril because of the greed and the avarice of some who decided to take dramatic risks and to gamble with other people's money. We can't do that. We can't proceed without deciding we are going to regulate hedge funds and regulate the trading of derivatives. We cannot do it. Where I come from, you call that leaving the gate open. You have to close the gate.

In 1999, and even beyond, these institutions and traders and others were allowed to go hog-wild here and do almost everything with almost no supervision and no regulation. We have to learn from that and understand that part and parcel of this action by the Congress has to be re-regulation. Now, I have talked about the three Rs that are necessary, and I believe you have to do all of it here. I am willing to support something that deals with some kind of recovery. I understand the need to address this. But I also think you have to do some reform and you have to do some regulation at the same time.

You can't say to the American people, by the way, ante up a bunch of money for recovery and forget reform and forget regulation. If we don't patch that which we tore in 1999 and decide to take apart again the fundamental banking functions of the federally insured institutions, if we don't separate them from the inherent risk that exists in investment banking and others, where they take these risks with things such as swaps and collateralized debt obligations and others, if we don't understand the lesson, we are destined to repeat it, just as sure as I am here. You have to have reform. Reform is to back up some steps and to decide to protect the banking institutions from excessive risk. Regrettably, we went in the wrong direction in 1999. I think we need to go back some ways.

Second, there is so much dark money out in this economy that you can't see. Hedge funds. We must have a regulatory provision for hedge funds. I am not suggesting the recovery bill itself has to describe the specific set of regulations, but the bill can, as it has in a couple other areas, describe a rulemaking process for regulating hedge funds. The same is true with respect to derivative trading. We have been told there is somewhere around $62 trillion in notional value of credit default swaps out in this country. Most people think that sounds like a foreign language. They wouldn't even know what it is. It is an unbelievable amount of insurance out there against securities that have become toxic—securities that are lying and smelling, fouling in the bowels of the balance sheets of some of these corporations. We have to do something that does reform and regulation. There may never be another moment to be able to do it.

I understand a whole lot of folks have been opposed to this for a long time. I have pushed it for years on the floor of the Senate. Senator FEINSTEIN, I, and many others have been pushing for regulation of hedge funds and the regulation of derivative trading. But as I indicated when I started, when you have a Bear Stearns that has derivative or credit default swaps running through the Cayman Islands and they go belly up, and nobody even knew it was there—and they helped pull down this firm—then you wonder how does that happen outside the gaze or view of regulators? How on Earth does that happen?

We have, unfortunately, been looking only at this question of providing the funding. As I said, I am willing to consider a process that deals with rescue. I am willing to consider that. But I believe that if we move past this moment and don't address the reform and the regulation piece, we will be back again—maybe in 5 years, maybe 10 years. We will be back again, almost certainly.

Warren Buffett once said, when I talked to him on the phone, that there is an old saying on Wall Street: You can't see who is swimming naked until the tide goes out. Well, you know what, the tide is going out. We have lots of trouble, and now we see the consequences of unbelievable, rampant speculation in institutions that should have known better. We have to try to protect the financial system of the United States from collapsing. I understand that. We have to do that. But we cannot possibly ask our constituents to believe in that mission if we don't also provide the regulation and reform that must accompany it. We can't do half a job.

As I indicated, I am not suggesting that legislation has to, in the 130-some-page bill, describe exactly how you regulate hedge funds or how you regulate derivative trading.

But I do believe we ought to describe a specific date by which a rulemaking process proceeds for that regulation.

Mr. DOMENICI. Would the Senator yield?

Mr. DORGAN. I would be happy to yield.

Mr. DOMENICI. Senator, first, I apologize for not hearing all of your remarks. I was in earshot when I heard you talking about available credit, talking about what you could find on the Internet. You showed these advertisements where people are still in the business of trying to sucker Americans into buying things they cannot afford and vice versa, those companies that are treating our Americans who cannot afford things as suckers and getting them in and telling them to buy things they ultimately cannot pay for. Is that part of your talk here today?

Mr. DORGAN. That is correct. My point was, that which has occurred that has caused this unbelievable collapse, I think the Senator from New Mexico would agree that what has precipitated this is the massive amount of failure out there of mortgage-backed securities that are held on the balance sheets of these financial institutions. They turned out to be sour. It has begun to pull down on some of these institutions.

My point was that you can go to the Internet today and you can find exactly the same kind of irresponsible advertising that existed for a long time, including the biggest mortgage bank in the country, Countrywide, which is saying: Bad credit, come over here, we will give you a loan. The same things exists. Go to the Internet today, and you will find exactly the same kind of advertising.

Mr. DOMENICI. I think Countrywide has been taken over by Bank of America.

Mr. DORGAN. It has.

Mr. DOMENICI. Let me say to the Senator—and I am giving you an observation—what has happened, it seems to me, in terms of our efforts to pass a rescue package is that we started out by talking about a bailout—somebody did—and also, at the same time, a Wall Street bailout. You know, what caught my eye as a Senator wondering whether I was going to help with this, until I found out that there was no bailout and Wall Street was not being bailed out, what was happening was—well, let's take the biggest purveyor of mortgage-backed securities, and that happened to be Fannie Mae and Freddie Mac. They had most of them. What they really were, were mortgages on homes that people bought by the hundreds of thousands. As a matter of fact, those two entities have mortgaged more than half, well over half—almost two-thirds of all American houses. They had taken these mortgage-backed securities and they were selling them. That is how they made this inordinate amount of money over the last 10 or 12 years. Then what happened is those mortgage-backed securities—people started looking at it and tried to find out: Where did they get the mortgages?

I wanted to add to your scenario of where all of these bad, what we might call toxic assets, which are mortgage-backed securities that are in default, where did they come from and where are they? And I wanted to make sure that your wonderful talk about this subject included the fact that for a period of time the U.S. Government was pushing very hard on Fannie Mae and Freddie Mac to accept mortgages on homes that any reasonable person knew could not be afforded, could not be paid for, and they were pushing thousands of them to get people in homes even if they could not pay for them. And that is thousands of those—hundreds of thousands are coming home to roost now, as I understand it, and we do not even know where we are, but we find out when a bank starts failing because they are using this as their equity—they bought them—and it turns out to be sour because they are not paying on the mortgage. You go look, and there is a house there backing up that mortgage, and maybe a family was in it, but they are already 6 months in default and they have left the place and it is falling down, and you have a mortgage here that you are holding.

I do not think we ever painted properly for the American people that this was not a bailout of Wall Street; it was an effort to buy up those assets, these mortgages that were out there that were not going to be paid, that could not be paid, and they had gone sour. We are trying to buy them and let the system work while we try to repackage them and sell them. It could very well be, Senator—I think you would agree—that when this $700 billion, or whatever number it is, is used, it will come back to the Federal Government as they sell the toxic assets they buy. They will be buying them and bundling them and selling them again, and they may bring more money 3 or 4 years from now than you paid for them.

So in no way is it a bailout. It is a buyout, if anything. I wondered if you had thought of it that way. Is that a fair reading, as you understand things?

Mr. DORGAN. Well, let me talk about the banker's role for a minute, because the way the Senator describes it is part of my concern. It used to be that when you bought a home, you would go down to the local savings and loan or the local bank and try to negotiate a home loan. Then sitting across the desk, they would evaluate what kind of job do you have, how much family income do you have, how secure is your job, is this a loan we want to provide to you because of the risk, and so on. They would make a judgment about you. They would check your credit rating. That is the way it would work. It doesn't work that way in most cases now. It does in some cases, in most cases not. This has become a big go-go effort to get home loans out there, securitize them, and sell the mortgage-backed securities.

So when we are talking about banks buying mortgage-backed securities, I asked the question: Why should they be buying mortgage-backed securities? They shouldn't even have the right to buy mortgage-backed securities that are cut into these little pieces of sausage and sent upstream when they do not even know what is in them. How many of them are subprime? They don't have any idea. All they see is an advertised yield that says: Well, if I buy this security, I am going to get a big, fat income from it.

Going back, I would like to see us get back to the day when a mortgage is something negotiated across the desk from the local banker. I would like to see the day when you can take a look at the balance sheet of a bank—and I would say in my home State most of our bankers have not been engaged in this at all. They do not have toxic mortgages, by and large. They have not invested in these things. But this became a go-go industry—I described some of them, and I will do it again in a minute—with massive amounts of money being made, on Wall Street, I might say. So Wall Street was wallowing in cash. You know it and I know it—I mean, the highest income earner last year, $3.7 billion; that is $300 million a month, $10 million a day.

So I understand why the American people are angry. They are saying, you know: If you have to do something to rescue the financial system, for gosh sakes, don't let the system collapse, but they also say: Let's clean up this carnival of greed that existed around here that caused this to happen.

So that is why I think the American people—I do not know who uses the term ''bailout'' or ''rescue,'' but that is why the American people looked at this and said: Wait a second, I want you to do the whole job, not half a job. In my judgment, half a job is putting up whatever money you need at this point. Perhaps there is a better way to do it. Perhaps we ought to invest in the capital structure of some of the failing institutions and get a return from that. The other side of it is to decide that, in addition to whatever we decide on the money, we are going to re-regulate and reform. If those two things are not in the bill, I hope those who are now negotiating will put that in the bill because I think the American people might better understand what is going to be done.

Mr. DOMENICI. Let me say in closing that I am not sure that a recovery bill—that we have time to do the kind of reshaping of the regulatory system that the Senator so aptly describes. I don't know that it can be done. That requires an awful lot of hearings and thinking.

I would hope this bill doesn't fail when they have it ready because, as somebody as knowledgeable as you—and you know the problem and you know we are going to have a big failure in our system that is going to affect far more people than the culprits who got us into it. I would hope that ultimately you would help to pass the bill. But I understand you would like other things that are going to be needed. We are going to have to do them. I will not be here. I wish you luck. It has been hard to revamp Freddie Mac and Fannie Mae, but it has been done. I am just not expert enough today to tell you that all of the problems with Fannie Mae and Freddie Mac have been solved because we changed their rules when we helped and tried to stabilize them within the last month. And they are the biggest purveyors of these mortgage-backed securities.

A mortgage-backed security is just a mortgage and a loan put into a package, and it becomes a security so that it can be traded as a security instrument instead of a mortgage being passed around. Sometimes there are lots of them in there, sometimes there are fewer.

But I would hope that, like many others, you would express yourself and talk to the American people about the problem but also suggest that we have to do something now or the banking system, which is our lifeblood—we do not think it is, but the financial system is our lifeblood—will go belly-up.

I believe, like you, that there are many changes to be made, but I sure hope we can pass this bill and then in due course have hearings and insist that we change the regulations, impose new ones, and do some of the things you have been talking about.

I thank you for letting me—I have had plenty of opportunity here on the floor, and I did not mean to barge in on you, but I thought maybe we could have a couple of minutes of exchange so we understand mutually the problem.

Let me also say, Fannie Mae and Freddie Mac fooled a lot of us. I don't ask that as a question of you because I do not want to ask you whether you know it or not, but they were the instrument that permitted America to have so many millions of homes in the hands of our people. But they were, at certain times, the instrument of pushing through, as mortgage-backed securities, hundreds of thousands of mortgages on homes that were being bought by purchasers who it was known could not afford what they were buying. They were in the merry business of the more the merrier, whether they pay or not, and they got away with that, and they fooled me. I am not sure whether they fooled you, but they fooled a lot of Senators and Representatives. I think they have been caught, and I think they are doing business differently. But they were the biggest ones. You can talk about a bank here and there or someone running an advertisement that looks as though it is bad, but they were the ones that were pushing those through. And maybe they were asked to by the Government. There seems to be an enabling act passed that said they were supposed to get out there and do that even if the people could not afford it.

Our American people ultimately, when this episode has ended, are going to be embarrassed with us that during this big-boom era of housing, we were forcing on the market hundreds upon thousands of loans and mortgages in the hands of people that it was known upfront would not be able to pay for the houses. That is what they are going to be surprised about, when they find out that was the case as the hearings commence on changing regulation, as you are suggesting, because we are probably going to be able to identify how many hundreds of thousands of those kinds of loans—they have a name; the name slips me, but we call them toxic assets, but they are subprime loans. Fannie Mae and our Federal Government pushed so that we would sell more houses and get more people in housing. We made a bad mistake.

I yield the floor.

Mr. DORGAN. I appreciate the comments of my colleague from New Mexico. He has been involved in all of the great debates in this Senate for a long time. I always appreciate his thoughts and comments.

Let me say that the collateralizing and securitizing of these exotic instruments was not something that was done for fun; it was because it could become very profitable to securitize everything, roll them up into these little sausage deals and sell them upstream. Everybody was making a lot of money doing it, and nobody knew what was in them. The interesting thing is that at least when you negotiated your home loan across the desk of the banker in the old days, if you found a time when you really could not make your payment—something happened, an illness in the family or something happened—you went back to the bank and sat down and said: Look, here is my situation. Can we work something out? And the banker, in most cases, would say: I understand. Let's work something out. Nowadays, you do not know who has the mortgage. The local bank does not have it anymore; they have sold it. Countrywide mortgage bank had it. They do not have it for a very long period of time. They have sold it to two or three different people, so you do not even know who has it.

That is why, as these things go belly-up, because I think they had predatory lending, I think they had terms in them that were unbelievable, resetting mortgages, and so on. These homeowners were set up for failure, and they have no one to go talk to to work it out.

That is precisely why one of the most important provisions that should be in this new agreement, and I hope is in a new agreement, is something that some now strongly object to; that is, in a bankruptcy proceeding, allowing a bankruptcy court to discharge and allow the renegotiation of that home loan. They would allow the renegotiation of a second home or a mortgage on a boat or a mortgage on almost anything else but not the prime home. That makes no sense.

If you believe—and I think most people do—that the foundation of this mess we are in is these bad mortgages out there, these toxic securities, then the quickest and best and most effective way to begin putting some sort of a foundation under home values is to allow those with those home loans that are troubled to be able to negotiate with somebody; in this case, through a bankruptcy court, to negotiate that they could continue to pay, albeit at a lower interest rate. At least you would have someone who can stay in their home. You would have someone who is making a payment every month, probably not what they had intended to pay, but they are making the payment. They are in the home. They have provided some value to that mortgage. All of a sudden that provides a foundation. Instead of empty homes and mortgages that are destroyed, you have someone living in the home with a mortgage and making monthly payments on it. That would provide some stability for home values. It would keep some people in their homes. We have 2 million people this year who will have lost their homes. That is pretty unbelievable.

My colleague said it would be hard to put together a regime of doing the necessary regulation of hedge funds or regulation of derivatives trading. It would be difficult to do that. I am not suggesting they have to do that. I am suggesting that they mimic what they did in the original bill on a couple other pieces and require by law a rulemaking on the regulation of hedge funds, require by law a rulemaking on the regulation of derivatives by a date certain. They don't have to describe to me exactly what the rulemaking would require in detail or what the regulation would require in detail. At least we ought to expect that we begin to reform and regulate, even as we try to rescue. One of the important things the American people continue to ask—and it is a very important question—is, who is accountable for all of this? Not just how did it happen, but who is accountable? Who has been made accountable? The answer is no one. They all got away with their big bonuses and their money. The consequences are, we are bailing all these organizations out. We are creating bigger banks. These three banks will represent one-third of all the banking business in America now with these new acquisitions. It used to be that we had these folks who were too big to fail. Now we have gotten them too ''bigger'' to fail. So no matter what happens to them, the American taxpayer has to be the backstop. We are going to have to bear the consequences of their failure because they are bigger. They were too big to fail previously. Where is the accountability for predatory lending that was out there? Where is the accountability for brokers who were putting people into subprime loans. They qualified for other loans, but they still put them in subprime. A substantial portion of subprime loans were put to people who would qualify for regular loans. They put them in loans with very bad conditions in which they were almost destined to fail, with higher interest rates being reset in the future.

People are also concerned about this issue of compensation. There are some great CEOs in this country. There are people running companies and banks and others who do a great job. But this has been a wild ride for unbelievably excessive compensation. Why is it that we read that Washington Mutual failed and last year the CEO made $14 million? For what? Maybe the board of directors will answer for what. Or AIG, the CEO made $14 million last year. They had a little operation over in

London that nearly brought that whole company down. We had to bail them out. Lehman Brothers, $22 million the previous year, Merrill Lynch, $161 million. There is plenty of reason for the American people to take a look at all that and say: That is a carnival of greed, creating exotic financial instruments they can't even explain that are so complicated. Trading them upward and backward and sideways, everybody making massive amounts of money, and then all of a sudden it goes belly up and starts to pull down the entire financial system. All of a sudden we are talking rescue, but nobody is talking regulate.

As I said, in my part of the country, they say that is not closing the gate. You have to close the gate. You have to shut the gate. If you don't include reform and if you don't include regulation, we are not going to solve this problem.

The next day and a half we will talk a lot about these issues. My hope is whoever is negotiating—I know some, and I have been in meetings last evening on this subject—will understand the need that some of us feel that anything that is done require the issues of reform and regulation that do not now exist in the plan that has been offered.

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

The PRESIDING OFFICER (Mr. WHITEHOUSE). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DODD. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DODD. Are we in morning business?

The PRESIDING OFFICER. We are postcloture on the motion to concur.

Mr. DODD. I ask unanimous consent to speak as in morning business.

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

PAUL NEWMAN

Mr. DODD. Mr. President, I rise to celebrate the life of a man and a friend who passed away this past weekend, an American icon to many Americans—in fact, not only to Americans but to people all over the world—for more than half a century, a remarkable philanthropist in his generosity, a terrific husband, father to six children, a daredevil both on the screen and off.

In words that have added poignancy at this moment, Paul Newman once said, ''We are such spendthrifts with our lives. The trick of living is to slip on and off the planet with the least fuss you can muster. I'm not running for sainthood. I just happen to think that in life we need to be a little like the farmer, who puts back into the soil what he takes out.''

The New York Times concluded its obituary of Paul Newman with those words. But I would like them to begin my remarks, because I don't think that will be the last thing people should consider when they remember Paul Newman, but the very first.

Where the charitable work of public figures today often seems motivated less by the public interest than by public relations, Paul Newman was a rarity.

An enormous celebrity whose commitment to making a difference meant far more to him than any box office, critical notice or award nomination. Believe me. Having known him or 25 years, I can attest to that.

A star, with genuine humility, he cared deeply about the people, not only of this country but around the world, and made a significant contribution to their benefit in his own way. We are all, of course, familiar with the Newman's Own brand, which raised nearly a quarter-billion dollars for charitable causes in a quarter century.

But that was only part of the story. Paul also founded the Hole In the Wall Gang camps for children with life-threatening diseases that began in Ashford, CT and has since opened three on three different continents.

Those camps serve more than 15,000 children annually, with all services provided free of charge to everyone.

He also founded the Rowdy Ridge Gang Camp, for families recovering from drug addiction and survivors of spousal abuse.

These were no vanity causes to which he simply attached his name and face.

Paul was intimately involved in their operations and success.

In fact, just this afternoon, I spoke with a friend of mine. I serve on the advisory board of the Hole in the Wall Camp in Ashford, CT, but a good friend of mine is on the board of directors of that camp. He had flown from San Francisco to be back in Connecticut today where people in the Hole in the Wall Gang camp are gathering to remember Paul Newman. They each got up and talked about his intimate involvement with that camp. Believe me, as someone who has been involved on a daily basis, he worked and cared about the maintenance of that facility, as he did the ones on the other two continents I described.

Indeed, these examples remind us that every endeavor to which Paul Newman committed himself over his 83 years shared one fundamental quality: They were the product of an enduring appreciation for the special, unique place he was afforded in our society.

You could not spend any time with Paul without noticing that he had remarkable life.

A wife and family that were not there simply to support him, but to push and prod him, to tease him, to that wonderful kind of vitality we see in vibrant families, a career that afforded him opportunities and experiences many of the characters he played could not have imagined.

And Paul Newman knew it.

But as much as he recognized the good fortune behind his success, he also understood the obligations that came with it.

This was never someone who pretended to be something he was not. He did not rise from poverty or grow up in a broken home. His father was, in fact, a successful entrepreneur himself from the Shaker Heights section of Cleveland, OH.

But to watch Paul's Oscar-nominated turn in that remarkable courtroom drama, ''The Verdict,'' is to witness someone whose true kinship was not with those who came from wealth, from power or privilege, but with those who struggled, who earned, who overcame.

For all his generosity, kind-heartedness, and compassion, there was another side to this man, one that was utterly driven to succeed, whether it was acting or directing, film or theater, charity or business.

I suspect I was not the only friend of Paul's who did not share his passion for racing, which he often did at our State's Lime Rock Park.

But compared to Hollywood, Paul found racing's lack of pretension refreshing.

The pure love he had for the sport was what made it such a thrill for him—a thrill he pursued into his eighties.

He was impossible to pigeonhole. I loved his sense of humor and irony, a devilish spirit which hid—just barely—a contempt for the predictable and lazy you couldn't help but admire.

He once commented that the ''single highest honor'' paid to him was learning he was 19th on Nixon's so-called ''enemies list'' assembled by Charles Colson.

He named the Hole in the Wall Gang camps after Butch Cassidy's band of outlaws and offered cowboy hats to children who had lost their hair because of chemotherapy.

The first vat of Newman's Own salad dressing was stirred with a canoe paddle, to give some idea of his sense of humor.

And one of the biographies he wrote for a local production read, ''Paul Newman is probably best known for his spectacularly successful food conglomerate. In addition to giving the profits to charity he also ran Frank Sinatra out of the spaghetti sauce business. On the downside, the spaghetti sauce is outgrossing his films.''

Let it never be said there wasn't a sparkle in those famous blue eyes of Paul's to the end.

In a career that required him to fabricate many a character and experience, Paul Newman's rebellious yet playful quality always struck me as completely genuine.

It often masked and helped him promote some very serious work.

A resident of Westport, CT he made enduring contributions to our State. Some will remember that he insisted on holding the first movie premiere in New Haven history when ''Butch Cassidy and the Sundance Kid'' made its debut at the Roger Sherman theater. The Presiding Officer is familiar with that community.

But for the sprinkle of glitter a star of Paul's magnitude brought to Connecticut, the difference he made to our communities was far more lasting—from helping to preserve open spaces such as the Trout Brook Valley and renovate the Westport Historical Society and its Country Playhouse, to the active role he played in government at the local, State, and Federal levels.

Like all Americans at this hour, I will miss him, a great guy and a good friend. As much as I will miss his friendship and his performances on the television screen or at the movie theater, I will miss being reminded every time that we saw him just how good and decent a man he truly was.

Our thoughts and prayers are, obviously, with Joanne, his lovely wife, his daughters, and the rest of the Newman family.

I wanted to thank them for sharing with us these many years a great guy.

Mr. President, I have a wonderful obituary that was written in the New York Times. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Sept. 28, 2008]

PAUL NEWMAN, A MAGNETIC TITAN OF HOLLYWOOD, IS DEAD AT 83

(By Aljean Harmetz)

Paul Newman, one of the last of the great 20th-century movie stars, died Friday at his home in Westport, Conn. He was 83.

The cause was cancer, said Jeff Sanderson of Chasen & Company, Mr. Newman's publicists.

If Marlon Brando and James Dean defined the defiant American male as a sullen rebel, Paul Newman recreated him as a likable renegade, a strikingly handsome figure of animal high spirits and blue-eyed candor whose magnetism was almost impossible to resist, whether the character was Hud, Cool Hand Luke or Butch Cassidy.

He acted in more than 65 movies over more than 50 years, drawing on a physical grace, unassuming intelligence and good humor that made it all seem effortless. Yet he was also an ambitious, intellectual actor and a passionate student of his craft, and he achieved what most of his peers find impossible: remaining a major star into a craggy, charismatic old age even as he redefined himself as more than Hollywood star. He raced cars, opened summer camps for ailing children and became a nonprofit entrepreneur with a line of foods that put his picture on supermarket shelves around the world.

Mr. Newman made his Hollywood debut in the 1954 costume film ''The Silver Chalice.'' Stardom arrived a year and a half later, when he inherited from James Dean the role of the boxer Rocky Graziano in ''Somebody Up There Likes Me.'' Mr. Dean had been killed in a car crash before the screenplay was finished.

It was a rapid rise for Mr. Newman, but being taken seriously as an actor took longer. He was almost undone by his star power, his classic good looks and, most of all, his brilliant blue eyes. ''I picture my epitaph,'' he once said. ''Here lies Paul Newman, who died a failure because his eyes turned brown.''

Mr. Newman's filmography was a cavalcade of flawed heroes and winning antiheroes stretching over decades. In 1958 he was a drifting confidence man determined to marry a Southern belle in an adaptation of ''The Long, Hot Summer.'' In 1982, in ''The Verdict,'' he was a washed-up alcoholic lawyer who finds a chance to redeem himself in a medical malpractice case.

And in 2002, at 77, having lost none of his charm, he was affably deadly as Tom Hanks's gangster boss in ''Road to Perdition.'' It was his last onscreen role in a major theatrical release. (He supplied the voice of the veteran race car Doc in the Pixar animated film ''Cars'' in 2006.)

Few major American stars have chosen to play so many imperfect men.

As Hud Bannon in ''Hud'' (1963) Mr. Newman was a heel on the Texas range who wanted the good life and was willing to sell diseased cattle to get it. The character was intended to make the audience feel ''loathing and disgust,'' Mr. Newman told a reporter. Instead, he said, ''we created a folk hero.''

As the self-destructive convict in ''Cool Hand Luke'' (1967) Mr. Newman was too rebellious to be broken by a brutal prison system. As Butch Cassidy in ''Butch Cassidy and the Sundance Kid'' (1969) he was the most amiable and antic of bank robbers, memorably paired with Robert Redford. And in ''The Hustler'' (1961) he was the small-time pool shark Fast Eddie, a role he recreated 25 years later, now as a well-heeled middle-aged liquor salesman, in ''The Color of Money'' (1986). That performance, alongside Tom Cruise, brought Mr. Newman his sole Academy Award, for best actor, after he had been nominated for that prize six times. In all he received eight Oscar nominations for best actor and one for best supporting actor, in ''Road to Perdition.'' ''Rachel, Rachel,'' which he directed, was nominated for best picture.

''When a role is right for him, he's peerless,'' the film critic Pauline Kael wrote in 1977. ''Newman is most comfortable in a role when it isn't scaled heroically; even when he plays a bastard, he's not a big bastard—only a callow, selfish one, like Hud. He can play what he's not—a dumb lout. But you don't believe it when he plays someone perverse or vicious, and the older he gets and the better you know him, the less you believe it. His likableness is infectious; nobody should ever be asked not to like Paul Newman.''

But the movies and the occasional stage role were never enough for him. He became a successful racecar driver, winning several Sports Car Club of America national driving titles. He even competed at Daytona in 1995 as a 70th birthday present to himself. In 1982, as a lark, he decided to sell a salad dressing he had created and bottled for friends at Christmas. Thus was born the Newman's Own brand, an enterprise he started with his friend A. E. Hotchner, the writer. More than 25 years later the brand has expanded to include, among other foods, lemonade, popcorn, spaghetti sauce, pretzels, organic Fig Newmans and wine. (His daughter Nell Newman runs the company's organic arm.) All its profits, of more than $200 million, have been donated to charity, the company says.

Much of the money was used to create a string of Hole in the Wall Gang Camps, named for the outlaw gang in ''Butch Cassidy.'' The camps provide free summer recreation for children with cancer and other serious illnesses. Mr. Newman was actively involved in the project, even choosing cowboy hats as gear so that children who had lost their hair because of chemotherapy could disguise their baldness. Several years before the establishment of Newman's Own, on Nov. 28, 1978, Scott Newman, the oldest of Mr. Newman's six children and his only son, died at 28 of an overdose of alcohol and pills. His father's monument to him was the Scott Newman Center, created to publicize the dangers of drugs and alcohol. It is headed by Susan Newman, the oldest of his five daughters.

Mr. Newman's three younger daughters are the children of his 50-year second marriage, to the actress Joanne Woodward. Mr. Newman and Ms. Woodward both were cast—she as an understudy—in the Broadway play ''Picnic'' in 1953. Starting with ''The Long, Hot Summer'' in 1958, they co-starred in 10 movies, including ''From the Terrace'' (1960), based on a John O'Hara novel about a driven executive and his unfaithful wife; ''Harry & Son'' (1984), which Mr. Newman also directed, produced and helped write; and ''Mr. & Mrs. Bridge'' (1990), James Ivory's version of a pair of Evan S. Connell novels, in which Mr. Newman and Ms. Woodward played a conservative Midwestern couple coping with life's changes.

When good roles for Ms. Woodward dwindled, Mr. Newman produced and directed ''Rachel, Rachel'' for her in 1968. Nominated for the best-picture Oscar, the film, a delicate story of a spinster schoolteacher tentatively hoping for love, brought Ms. Woodward her second of four best-actress Oscar nominations. (She won the award on her first nomination, for the 1957 film ''The Three Faces of Eve,'' and was nominated again for her roles in ''Mr. & Mrs. Bridge'' and the 1973 movie ''Summer Wishes, Winter Dreams.'')

Mr. Newman also directed his wife in ''The Effect of Gamma Rays on Man-in-the-Moon Marigolds'' (1972), ''The Glass Menagerie'' (1987) and the television movie ''The Shadow Box'' (1980). As a director his most ambitious film was ''Sometimes a Great Notion'' (1971), based on the Ken Kesey novel.

In an industry in which long marriages might be defined as those that last beyond the first year and the first infidelity, Mr. Newman and Ms. Woodward's was striking for its endurance. But they admitted that it was often turbulent. She loved opera and ballet. He liked playing practical jokes and racing cars. But as Mr. Newman told Playboy magazine, in an often-repeated quotation about marital fidelity, ''I have steak at home; why go out for hamburger?''

BEGINNINGS IN CLEVELAND

Paul Leonard Newman was born on Jan. 26, 1925, in Cleveland. His mother, the former Teresa Fetzer, was a Roman Catholic who turned to Christian Science. His father, Arthur, who was Jewish, owned a thriving sporting goods store that enabled the family to settle in affluent Shaker Heights, Ohio, where Paul and his older brother, Arthur, grew up.

Teresa Newman, an avid theatergoer, steered her son toward acting as a child. In high school, besides playing football, he acted in school plays, graduating in 1943. After less than a year at Ohio University at Athens, he joined the Navy Air Corps to be a pilot. When a test showed he was colorblind, he was made an aircraft radio operator.

After the war Mr. Newman entered Kenyon College in Ohio on an athletic scholarship. He played football and acted in a dozen plays before graduating in 1949. Arthur Newman, a strict and distant man, thought acting an impractical occupation, but, perhaps persuaded by his wife, he agreed to support his son for a year while Paul acted in small theater companies.

In May 1950 his father died, and Mr. Newman returned to Cleveland to run the sporting goods store. He brought with him a wife, Jacqueline Witte, an actress he had met in summer stock. But after 18 months Paul asked his brother to take over the business while he, his wife and their year-old son, Scott, headed for Yale University, where Mr. Newman intended to concentrate on directing.

He left Yale in the summer of 1952, perhaps because the money had run out and his wife was pregnant again. But almost immediately, the director Josh Logan and the playwright William Inge gave him a small role in ''Picnic,'' a play that was to run 14 months on Broadway. Soon he was playing the second male lead and understudying Ralph Meeker as the sexy drifter who roils the women in a Kansas town. Mr. Newman and Ms. Woodward were attracted to each other in rehearsals of ''Picnic.'' But he was a married man, and Ms. Woodward has insisted that they spent the next several years running away from each other.

In the early 1950s roles in live television came easily to both of them. Mr. Newman starred in segments of ''You Are There,'' ''Goodyear Television Playhouse'' and other shows.

He was also accepted as a student at the Actors Studio in New York, where he took lessons alongside James Dean, Geraldine Page, Marlon Brando and, eventually, Ms. Woodward.

Then Hollywood knocked. In 1954 Warner Brothers offered Mr. Newman $1,000 a week to star in ''The Silver Chalice'' as the Greek slave who creates the silver cup used at the Last Supper. Mr. Newman, who rarely watched his own films, once gave out pots, wooden spoons and whistles to a roomful of guests and forced them to sit through ''The Silver Chalice,'' which he called the worst movie ever made. His antidote for that early Hollywood experience was to hurry back to Broadway. In Joseph Hayes's play ''The Desperate Hours,'' he starred as an escaped convict who holds a family hostage. The play was a hit, and during its run, Jacqueline Newman gave birth to their third child.

On his nights off Mr. Newman acted on live television. In one production he had the title role in ''The Death of Billy the Kid,'' a psychological study of the outlaw written by Gore Vidal and directed by Robert Mulligan for ''Philco Playhouse''; in another, an adaptation of Ernest Hemingway's short story ''The Battler,'' he took over the lead role after James Dean, who had been scheduled to star, was killed on Sept. 30, 1955. Mr. Penn, who directed ''The Battler,'' was later sure that Mr. Newman's performance in that drama, as a disfigured prizefighter, won him the lead role in ''Somebody Up There Likes Me,'' again replacing Dean. When Mr. Penn adapted the Billy the Kid teleplay for his first Hollywood film, ''The Left Handed Gun,'' in 1958, he again cast Mr. Newman in the lead.

Even so, Mr. Newman was saddled for years with an image of being a ''pretty boy'' lightweight.

''Paul suffered a little bit from being so handsome—people doubted just how well he could act,'' Mr. Penn told the authors of the 1988 book ''Paul and Joanne.'' By 1957 Mr. Newman and Ms. Woodward were discreetly living together in Hollywood; his wife had initially refused to give him a divorce. He later admitted that his drinking was out of control during this period.

With his divorce granted, Mr. Newman and Ms. Woodward were married on Jan. 29, 1958, and went on to rear their three daughters far from Hollywood, in a farmhouse on 15 acres in Westport, Conn.

That same year Mr. Newman played Brick, the reluctant husband of Maggie the Cat, in the film version of Tennessee Williams's ''Cat on a Hot Tin Roof,'' earning his first Academy Award nomination, for best actor. In 1961, with ''The Hustler,'' he earned his second best-actor Oscar nomination. He had become more than a matinee idol.

DIRECTED BY MARTIN RITT

Many of his meaty performances during the early '60s came in movies directed by Martin Ritt, who had been a teaching assistant to Elia Kazan at the Actors Studio when Mr. Newman was a student. After directing ''The Long, Hot Summer,'' Mr. Ritt directed Mr. Newman in ''Paris Blues'' (1961), a story of expatriate musicians; ''Hemingway's Adventures of a Young Man'' (1962); ''Hud'' (1963), which brought Mr. Newman a third Oscar nomination; ''The Outrage'' (1964), with Mr. Newman as the bandit in a western based on Akira Kurosawa's ''Rashomon''; and ''Hombre'' (1967), in which Mr. Newman played a white man, reared by Indians, struggling to live in a white world.

Among his other important films were Otto Preminger's ''Exodus'' (1960), Alfred Hitchcock's ''Torn Curtain'' (1966) and Jack Smight's ''Harper'' (1966), in which he played Ross Macdonald's private detective Lew Archer.

In 1968—after he was cast as an ice-cold racecar driver in ''Winning,'' with Ms. Woodward playing his frustrated wife—Mr. Newman was sent to a racing school. In midlife racing became his obsession. A Web site—newman-haas.com—details his racing career, including his first race in 1972; his first professional victory, in 1982; and his co-ownership of the Newman/Haas Indy racing team, which won eight series championships.

A politically active liberal Democrat, Mr. Newman was a Eugene McCarthy delegate to the 1968 Democratic convention and appointed by President Jimmy Carter to a United Nations General Assembly session on disarmament. He expressed pride at being on President Richard M. Nixon's enemies list.

When Mr. Newman turned 50, he settled into a new career as a character actor, playing the title role—''with just the right blend of craftiness and stupidity,'' Janet Maslin wrote in The New York Times—of Robert Altman's ''Buffalo Bill and the Indians'' (1976); an unscrupulous hockey coach in George Roy Hill's ''Slap Shot'' (1977); and the disintegrating lawyer in Sidney Lumet's ''Verdict.''

Most of Mr. Newman's films were commercial hits, probably none more so than ''The Sting'' (1973), in which he teamed with Mr. Redford again to play a couple of con men, and ''The Towering Inferno'' (1974), in which he played an architect in an all-star cast that included Steve McQueen and Faye Dunaway.

After his fifth best-actor Oscar nomination, for his portrait of an innocent man discredited by the press in Sydney Pollack's ''Absence of Malice'' (1981), and his sixth a year later, for ''The Verdict,'' the Academy of Motion Picture Arts and Sciences in 1986 gave Mr. Newman the consolation prize of an honorary award. In a videotaped acceptance speech he said, ''I am especially grateful that this did not come wrapped in a gift certificate to Forest Lawn.''

His best-actor Oscar, for ''The Color of Money,'' came the next year, and at the 1994 Oscars ceremony he received the Jean Hersholt Humanitarian Award. The year after that he earned his eighth nomination as best actor, for his curmudgeonly construction worker trying to come to terms with his failures in ''Nobody's Fool'' (1994). In 2003 he was nominated as best supporting actor for his work in ''Road to Perdition.'' And in 2006 he took home both a Golden Globe and an Emmy for playing another rough-hewn oldtimer, this one in the HBO mini-series ''Empire Falls.''

Besides Ms. Woodward and his daughters Susan and Nell, he is survived by three other daughters, Stephanie, Melissa and Clea; two grandchildren; and his brother. Mr. Newman returned to Broadway for the last time in 2002, as the Stage Manager in a lucrative revival of Thornton Wilder's ''Our Town.'' The performance was nominated for a Tony Award, though critics tended to find it modest. When the play was broadcast on PBS in 2003, he won an Emmy.

This year he had planned to direct ''Of Mice and Men,'' based on the John Steinbeck novel, in October at the Westport Country Playhouse in Connecticut. But in May he announced that he was stepping aside, citing his health.

Mr. Newman's last screen credit was as the narrator of Bill Haney's documentary ''The Price of Sugar,'' released this year. By then he had all but announced that he was through with acting.

''I'm not able to work anymore as an actor at the level I would want to,'' Mr. Newman said last year on the ABC program ''Good Morning America.'' ''You start to lose your memory, your confidence, your invention. So that's pretty much a closed book for me.''

But he remained fulfilled by his charitable work, saying it was his greatest legacy, particularly in giving ailing children a camp at which to play.

''We are such spendthrifts with our lives,'' Mr. Newman once told a reporter. ''The trick of living is to slip on and off the planet with the least fuss you can muster. I'm not running for sainthood. I just happen to think that in life we need to be a little like the farmer, who puts back into the soil what he takes out.''

Mr. DODD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Ms. COLLINS. Mr. President, could the Chair inform us whether there is an order for proceeding? It was my understanding we were alternating, going back and forth. I would inform the Senators on the floor I have a 5-minute tribute to Senator WARNER. But I am unaware of what the order is.

The PRESIDING OFFICER. There is no order or agreement. We are operating postcloture under the motion.

Mr. MENENDEZ. Mr. President, if I may.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. MENENDEZ. Mr. President, I had intended to speak, but with an understanding that is the presentation by the Senator from Maine, I ask unanimous consent that after the Senator from Maine is recognized by the Chair, I would be recognized following that.

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

The Senator from Maine.

Ms. COLLINS. Thank you, Mr. President. And I thank the Senator from New Jersey.

SENATOR JOHN WARNER

Mr. President, throughout our Nation's history, the Commonwealth of Virginia has provided leaders of uncommon courage, dedication, and vision. The names that are revered in the Old Dominion are honored across

America: Washington, Jefferson, Monroe, Mason, and Henry, to name but a few.

Today, as the 110th Congress draws to a close, we say farewell to another great Virginian, a great patriot, public servant, and distinguished colleague whose name history will add to that honor roll: the name of our friend and colleague, Senator JOHN WARNER.

Senator WARNER's career mirrors those of the Founding Fathers in many ways. During World War II, when freedom was under attack, he enlisted in the U.S. Navy at just 17 years of age.

Following the war, he rejoined civilian life, earned a college degree, and entered law school. At the outbreak of the Korean war, he suspended his studies to serve his Nation once again, this time as an officer in the U.S. Marine Corps.

After he returned from Korea, he completed his law degree but remained an officer in the Reserves, always ready to answer the call of his Nation. Senator JOHN WARNER truly exemplifies the American tradition of the citizen soldier.

As a civilian, JOHN WARNER continued to serve: as an assistant U.S. attorney, as Under Secretary of the Navy, and as Secretary of the Navy. During his 5 years in the Navy's Secretariat, he demonstrated another American tradition: a commitment to both military strength and diplomacy.

It is fitting that one so steeped in the best of America's traditions was chosen by the President, in 1976, to coordinate our Nation's bicentennial celebrations in all 50 States and in 22 foreign countries.

It was in 1978 that the wise citizens of Virginia sent JOHN WARNER to the U.S. Senate. For 30 years, the people of America have been grateful. The hallmark of Senator WARNER's service in the Senate has been his absolute and unwavering commitment to a strong national defense. It has been my honor to serve with him on two committees that bear directly upon that commitment—the Senate Armed Services Committee and the Senate Homeland Security Committee.

As the chairman and ranking member of the Armed Services Committee, Senator WARNER has consistently upheld the pledge he took to defend America when he enlisted in the Navy 63 years ago. His support for our men and women in uniform, for their families, and for our veterans is unwavering. He has been an effective and strong advocate for modernizing our military to meet the challenges of the 21st century.

Senator WARNER also understands that America's future does not just depend upon defending our Nation against attack. I am proud to have worked with him on climate change legislation, and his leadership on the America's Climate Security Act with our friend, Senator JOE LIEBERMAN, demonstrates his commitment to protecting our environment and to securing our energy future.

Senator WARNER's career has been defined by his involvement in some of the most pressing issues of our time. But he has also worked hard on those seemingly smaller issues that make a big difference in people's lives. As just one example, he joined me in authoring the tax deduction for teachers who spend their own money on classroom supplies. Whether in uniform or in our classrooms, JOHN WARNER believes those who serve have earned our gratitude and our support.

Also, we remember JOHN WARNER's pivotal role at a time when our institution of the Senate was at a threshold of chaos and dysfunction. I refer to his leadership in the so-called Gang of 14, which worked out a compromise on judicial nominations that helped save this institution from what would have otherwise been a very bleak time.

Senator WARNER has continued and enhanced the best traditions of this Nation and of the Commonwealth of Virginia in countless ways. One that must be mentioned, before I conclude my remarks, is his unfailing civility and courtesy toward his Senate colleagues. Regardless of the significance of the issue or the intensity of the debate or the strength of his colleagues' feelings, Senator WARNER has always tempered staunch advocacy for his convictions with the utmost respect for the convictions of others.

On a personal note, he has been a wonderful friend and mentor to me, the Senator from Maine. I know all Americans join me today in thanking Senator JOHN WARNER for his dedicated decades of service to his country, whether in times of peace or war, and in wishing him all the best in the years to come.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, it is sometimes somewhat breathless to be seated on this Senate floor knowing that just maybe 48 hours remain of my career in the Senate. I shall remain in office through early January, but I tell you, it takes me a few minutes to assemble my thoughts. But in your case, I would say: Look at the many things we have worked on together.

This fine Senator is so proud of the Naval installations in her State. We visited the shipyard together, indeed the facilities at Portsmouth. The ships are made there. The ships are berthed there. It has been home to the U.S. Navy, I imagine, from the earliest days of the formation of our Colonies and the first of the ships we had.

I hope what I am about to say is fully understood. But those of us—I have had some modest career in the Navy in my lifetime—but we always refer to the ship in an affectionate way, as if it were a female. Indeed, it does protect the sailors at sea with its steadiness and its seaworthiness, and we often refer to the ships as the fighting lady.

I say to the Senator, I would hope that you would accept that as an accolade, the fighting lady from Maine. We have watched you under the toughest of circumstances. One time I remember working with you and your tenacity was fierce, and you really sort of turned back a lot of my thoughts which I thought were so important. But it worked out in the end. You prevailed and that was the development of the legislation which reconstructed, reformulated so much of our intelligence community. That was truly a masterful accomplishment on your part.

Again, the reason I am a bit breathless is when I first came to the Senate, these 30 years ago, there were not any ladies in the Senate at that time. We were joined in my class by Nancy Kassebaum from Kansas, a wonderful lady. Believe me, she very quickly established her own stature. We all admired her tremendously as a very strong Senator, which she was throughout her career. But from that small beginning commenced the transformation of the Senate in many ways—from the one lady—she certainly was a fighting lady, too—to where today we have many. As a matter of fact, we do not even count them anymore because they just have gotten into the full fabric of the Senate and everybody is just totally unconscious to that except, I guess, people like myself, with a wandering eye, constantly taking a look at the dress one day and compliment my dear friends.

But on a serious note, we have had a marvelous, strong friendship and working relationship, and I shall miss you dearly, as I will this institution. But I do leave with the thought that you are one of the great strengths of this institution which will be called upon, as it is in this hour. The Nation calls upon this body to save it.

I was looking last night, as I was trying to drift off to a rest, at the famous poem that was written, "O Ship Of State." Do you remember that poem? And America today is looking to its Congress like few times in history. "O Ship Of State"—I have that poem on my desk.

At this time, I ask unanimous consent to have that poem printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

O SHIP OF STATE

(By Henry Wadsworth Longfellow)

Thou, too, sail on, O Ship of State!
Sail on, O Union, strong and great!
Humanity with all its fears,
With all the hopes of future years,
Is hanging breathless on thy fate!
We know what Master laid thy keel,
What Workmen wrought thy ribs of steel,
Who made each mast, and sail, and rope,
What anvils rang, what hammers beat,
In what a forge and what a heat
Were shaped the anchors of thy hope!
Fear not each sudden sound and shock,
'Tis of the wave and not the rock;
'Tis but the flapping of the sail,
And not a rent made by the gale!
In spite of rock and tempest's roar,
In spite of false lights on the shore,

Sail on, nor fear to breast the sea!
Our hearts, our hopes, are all with thee.
Our hearts, our hopes, our prayers, our tears,
Our faith triumphant o'er our fears,
Are all with thee,—are all with thee!

Mr. WARNER. I see the Senator is desiring to speak.

But those two things remind me that this great ship of State will sail on and you will be at the helm. I wish you the best.

Ms. COLLINS. Mr. President, I thank the Senator from Virginia for his very kind and thoughtful comments. At a time when we are attempting to pay tribute to him, he, of course, is gracious to others.

I thank the Senator from New Jersey for his tolerance on the extra time.

The PRESIDING OFFICER. Under the previous order, the Senator from New Jersey is recognized.

Mr. MENENDEZ. I ask unanimous consent to speak as in morning business.

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

Mr. MENENDEZ. Mr. President, I was happy to yield to the distinguished Senator from Maine on her recognition of Senator WARNER. I certainly join in her comments about Senator WARNER, as we did recently when the Senator appeared before the Senate Foreign Relations Committee and recognized his tremendous service to this institution and to the country. I often say, as I said to him before at the hearing, that, in fact, I am privileged I came to the Senate at a time when I got to serve with JOHN WARNER and to see some of the finest traditions of service in this country. I appreciate his tremendous service, not just to the people of Virginia but to the people of this Nation.

Mr. WARNER. Mr. President, I thank the gracious Senator from New Jersey. I appreciate those remarks. Although it has been short-lived, we have had a good, strong working relationship; not always on the same side on several issues, but that is what democracy is all about. I thank the Senator.

Mr. MENENDEZ. I thank the distinguished Senator from Virginia.

THE ECONOMY

Mr. President, I rise to talk about the financial crisis our country is facing. I think to classify it as such is an understanding most Americans have. It is not an overstatement. The reality shows that today in a Washington Post ABC News poll, most Americans see the current financial situation as a crisis, and there is overwhelming concern that the failure of the House of Representatives to pass the economic recovery package may very well deepen that problem.

I think it is important to note the poll also revealed significant public concern with the bill that Congress rejected yesterday. Few voters have said the package did enough to protect ordinary Americans and nearly half said it did not go far enough to shore up the Nation's economy. Half said the failed plan did not do enough to help the broader economy, and 61 percent said there was insufficient assistance for the general public.

I think it is important, as we try to move forward in this institution and show some leadership, to keep those realities in mind—of what our constituents back at home are saying. They recognize there is a crisis. They also recognize there is a challenge to them in the mainstream economy, and they felt as though that specific package didn't do enough for them. So many Americans—I would say the great majority of Americans—who are meeting their obligations with tremendous stress and challenges, who meet their monthly mortgage payments—have for years and have continued to do so—what they reasonably want to know is what do they get out of this?

As my home State newspaper, the Star Ledger, said: Why, they continue to ask, should taxpayers have to subsidize the stupidity of people who were either greedy or maybe failed to do their homework? They go on to say in the editorial the real problem in Washington is that no one has made a cogent argument for why, in essence—this is paraphrasing—for why, in essence, we need to have a response and what does it mean to those who are not investment bankers or whose homes aren't in foreclosure.

I think the economists generally agree the Nation's economy is at a serious risk of the flow of credit threatening to freeze beyond where it is already. We see the interest rates at which banks lend to each other rising each and every day, suggesting that lenders are hoarding cash. I think that gets to the question of what the editorials have said in my home State and others as well: So then what is the case to be made?

Well, with banks leery of lending to each other, credit markets contract, making it difficult for businesses to obtain loans for expansion, to start new ventures or even to cover bills until unanticipated revenue comes in; car loans dry up, causing further suffering among the already ailing automakers; credit card interest rates rise, and all that forces, in essence, markets to shed jobs, creating more unemployment. Overall, this bleak fiscal picture causes consumers to scale back on spending, and then the little shop on Main Street closes as well. That is a broad brush. I would like to get to some of the specifics of how that affects us.

When we have watched the news or picked up a newspaper over the last few months, we see top stories about the problems of big institutions: Bear Stearns and Washington Mutual and Wachovia. It has been easy to see what dire straits our financial system is in, but what is not making the headlines is what this economic crisis means for people in our hometowns.

We have heard a lot about mortgage-backed securities, credit default swaps, and overnight lending rates. To be very honest with my colleagues, to a large number of Americans that is a foreign language—but not about what they actually mean in terms of mortgages, credit card bills, and week-to-week budgets of our families. Those are items which they clearly understand and speak about around the kitchen table as they face challenges.

I think some of us have been left with a mistaken impression that this crisis is just about Wall Street. I am worried people on every street in this country, who are being powerfully affected by this crisis, are being forgotten.

Now, the heart of this crisis is the housing market. So many houses are going into foreclosure that now it is hard for anybody to get a loan of any kind, to buy a home, to invest in a business or have that business grow, to get a college education. There is a credit freeze so businesses can't grow. They can't pay expenses. They can't look to the future. It is becoming a financial wildfire, ravishing our economy and burning away at the fabric of our communities. The crisis stretches across every city in, for example, my home State, but it is replicated across the landscape of the country, North and South and East and West.

In Newark, there is a single mother who has lost her job and now holds down three different part-time jobs to make up for it, while her kids are at home by themselves. In Clifton, there is a couple who work two jobs and bring in $4,000 a month together, but when the mortgage payment, the car payment, the electricity and gas, utility bills come in, and the grocery bills and the credit card bills come in every month, they worry they can't make ends meet. In another part of the State, there is a builder who is finding it almost impossible to get funding to keep his business going. Banks want bigger deposits, bigger monthly payments, and stricter payment deadlines.

Today, I wish to focus on what the credit crunch means for every New Jerseyan and American—the jobs, the businesses or anyone who needs a loan to drive a car or go to college—and what it means for those who are closer to the twilight of their life and are thinking about their retirement and what that retirement has meant to them in terms of what is taking place and what will continue to take place if we see no action and how they may very well have to extend the time in which they thought they could retire.

Let's talk about businesses, especially small businesses, because they are the ones that create 75 percent of all the jobs in America. We have always been an entrepreneurial people. We have always had the ideas and are willing to take intelligent risks to start a business, and those businesses are the ones that create jobs. They rent stores. They buy buildings. Those people who are employed ultimately are gainfully employed in a way that they have income to spend in other businesses for goods and services they need, which employ other people, and, of course, these businesses pay revenues, to their local, State, and Federal entities. So we can see the cycle of how important they are.

Now, if you want to start a business, this is one of the worst climates in our history to do so. Loans aren't available, even to people with good credit, and especially not to entrepreneurs who are getting started. So that dream of Americans having business ownership is now miles further away. But the credit crunch hurts small businesses. There are those of us who every day are feeling restricted in our spending and frugal when we open our checkbooks. That means we aren't going, for example, to see this lady at the counter. She is ultimately at the other end of the business cycle. We are restricted in our spending. This is a reality. It is a reality we feel in our lives. We see what is happening in the country. We may already have faced some pressures in our own economic circumstances in a personal family way, so we hold back. We say: Let's see what will happen. How do I decide? So we restrict our spending and we are frugal when we open our checkbooks. That is probably in many ways smart, but there is also a consequence. That means a lot of us aren't going out to eat as much, which means the waitress isn't getting the tips she depended on to bring home for her family and the challenges her family has, and owners of that business aren't getting the checks they depend on, which means restaurants have to either contract dramatically the size of their workforce, or, in the acute set of circumstances, they have to close. It means the local retailer—perhaps from whom we buy the treat we have once a week at the end of a long week or a gift we are buying for a family member or a friend's birthday—will see depleting sales. As their cash input decreases, they have to decrease their output, and they will be giving pink slips to their employees. It means we see more of this sign that says ''store closed'' for business. It means the local lunch spot or the barber will not have the same lunchtime rush or the same Saturday appointments. While we certainly can all live without a haircut as frequently or without eating our favorite sandwich, those shop owners depend on our steady business. They depend on that appointment to make ends meet. When, in fact, that doesn't happen, there is a consequence to them and those who work there and the families of all who are situated there.

Small businesses don't have access to capital because banks have severely cut back in lending. So, for example, when my dear father was alive, he was an itinerant carpenter, and he used to go to the lumber shop where he had a little bit of credit to get some supplies as he did the business—the work for the people who hired him—but that lumber store obviously had to get their suppliers and the credit that, in fact, they needed to get those supplies there, to then extend credit to him so he would be able to go ahead and do the job and then get paid and then pay for his supplies and the chain goes on. When, in fact, that chain is broken, there is a consequence, and the consequence of that is people lose their employment. There is a ripple effect. It is not only they who lose their employment but all the resources they had in making the purchase of goods and services that ultimately hired other people and who had families and who had needs and who made expenditures. So we see the consequences of that.

In the construction field, for example, we have a set of circumstances where, in fact, you have contractors who get a job in southern New Jersey, but he doesn't get paid for that job upfront.

He makes a bid. It might be a public contract or it might be a private construction project. He doesn't get paid up front. So that contractor needs credit.

What does he need the credit for? He needs the credit for the supplies to bring to the job to do the work. He needs credit for floating so that he can keep his payroll going for the people he has to pay up front every week so they can do the work that creates the home or the building or the business structure that ultimately will pay them, and they will repay their credit from their suppliers and then ultimately be able to make a profit.

Again, all of those construction materials that are provided to that contractor, those people, those entities have credit as it relates to those who provide the supplies that they sell to contractors. So there is, again, an intricate balance of all of these interests coming together in a way that affects the person wearing a hard hat on the front lines of building the infrastructure, the homes, the churches, and the businesses of our community.

Again, the reality: When a credit freeze takes place, the pink slips start getting printed, and the workforce is suddenly unemployed. Now the contractors cannot pay their suppliers, so their cash inventory drops and their ability to issue payroll at the end of the week is also jeopardized, and it pushes more families into the ranks of the unemployed. It is a vicious cycle occurring far away from Wall Street, but it is affecting our families, our neighbors, our friends on Main Street.

The credit crunch changes our ability to shop. Every business to some degree depends on this credit process for what they sell and the supplies they get. We often use our credit cards in the process of purchasing those goods. But when manufacturers cannot get loans that they need to keep the manufacturing process going to create the products that ultimately get consumed at a store where the store takes credit and purchases it from them but gets maybe 30 days, 60 days the manufacturer needs to continue to produce the product so that ultimately it goes to that store where ultimately consumers seek to purchase, in fact, they cannot get the money to keep the product on the shelves, and, of course, the cycle is clear.

Look at farmers. New Jersey is called the Garden State. I often tell my friends you have to get off the turnpike if you want to know what the Garden State really looks like. We have spinach. We are in the top two or three in spinach. We have a whole host of speciality products—peach orchards, cranberry bogs, blueberries, to mention some.

For farmers, crop planting depends greatly on the amount of available credit. Farmers cannot plant next year's crop if they cannot get this year's loans. So from cranberries to blueberries to all of these other products, everything you buy at the grocery store is going to be more expensive. Some food products may wind up in very short supply. They are going to be more expensive because even if you have a great credit history—as the cranberry bogs in the pinelands of New Jersey—if you have a good credit history but the credit crunch creates a higher and higher standard for what you will borrow and under what terms and conditions you will borrow, that is going to be reflected ultimately in the end cost of the product we consume on the dining room table.

We have a challenge that is direct for farmers, for family farmers, and for all of us as consumers as we put fruits and vegetables on the table for our families to consume, and that has a direct consequence to us.

Credit cards. As loans become more and more difficult and expensive to get, people will continue to increase their usage of credit cards. I hope if people have some disposable money that they will pay down their credit card debts. That is a good thing to be doing in these times and not be looking at spending a lot of interest on credit card debt. This is a good time, if you have the resources, to pay down credit card debt.

I know so many families who tell me they are using that credit card as they have transitions in jobs, as they meet some of their challenges. We see credit card interest rates which are already rising, and they will continue to escalate as banks look for ways to recoup the losses resulting from those defaults that are taking place.

This is an issue I raised before about credit card reform. We need to pursue reform in several sectors of our financial industry. We already have credit card debt in this country that collectively equals $850 billion. Now we are seeing the consequences of those who find themselves using their credit cards in this economy who ultimately are facing higher interest rates and, should they be somewhat late, higher fees for those payments for being slightly late. Then we will see a ripple effect of those fees pushing people beyond their limits, and when they get pushed beyond their limits artificially, they are in default. When they are in that default, they find themselves with a whole host of new charges that continue to push up their debt. We need to do something about this situation. But it is part of the reality of our present existence that, in fact, we see this driving up as we speak. That is a consequence to the average consumer in this country.

I had a teacher in New Jersey who recently showed how hard it is getting for anyone to get a car loan. This teacher is not living within the community in which she teaches. She has to drive there. It is not a location where public transit is easily available. This teacher in New Jersey, who has driven to work every day for the past few years, has to buy a new car because hers is broken down. But the auto lending market essentially has been closed to buyers with credit scores of less than 720.

By the way, 720 is an excellent score. Yet finding the resources for an auto loan, not having the money to put it all out to purchase a car up front in cash—they need the opportunity to get access to that auto loan, and even with scores of 720 or less, they are finding it increasingly difficult to do so. Even if they have some savings and just want a modest new car to take them where they need to go to work, unless they have excellent credit, they quite simply are not going to get a loan to get that car.

If we don't act soon, we are going to see students who will have trouble paying for their education. Parents trying to save for their children's college education will see their investments shrink, along with the stock market. College endowments that invest in the stock market are also getting hit hard, which makes it harder for them to provide financial assistance to students.

If students need loans—and I know in my own life, someone who grew up poor in a tenement, the first in my family to go to college, if it wasn't for what we have done in the Federal Government through Pell grants and Perkins loans and also through other loans, I would not have been the first in my family to go to college and then law school.

Students who manage to find loans will carry a higher interest rate than they would otherwise, leaving our graduates with crushing debt. We are already seeing so many of our children graduate with enormous debt. They graduate with a diploma in one hand and enormous debt in the other one. That is only going to rise under the current circumstances—crushing debt before they even enter the job market.

When they do leave school and start to look for a job, at this point, these graduates in the next year or two are going to be greeted by one of the worst job markets in 5 years. We are already at 6.1 percent unemployment and rising. We will see inaction only create a greater percentage of unemployment than we have experienced, and that will be some of the highest unemployment we have seen in well over a generation.

In addition to burdening young people who are just about to launch their careers, failing to act will exacerbate the already difficult situation facing those who are winding down their careers and looking forward to retirement. We saw yesterday that the Dow lost the equivalent of $1.2 trillion in value. That is not just about wealthy people who have money to make investments in stocks. That is about those who have 401(k)s, that is about pension plans that make investments on behalf of their pensioners, that is about a broad breadth of all of us.

Failing to act exacerbates the already difficult situation facing those who are winding down their careers and looking forward to retirement. When I looked before, the Dow was going back up, but the problem is that we see no sense of stability. Losses are real. It is not just the point on the Dow; it is the overall S&P performance as well. These people will see their decades of savings continue to shrink smaller and smaller as their IRAs, 401(k)s, and mutual funds drop in value.

Yesterday's stock market alone accounted for approximately a $1.2 trillion loss. Without action, those losses will only get worse.

I know that a lot of people do not want to look at their 401(k)s right now, but everyone is going to have to look at them eventually. Those on the cusp of retirement cannot afford to wait several years for the market to stabilize on its own. They will be forced to stay in the job market long after they planned on retiring. That is a cruel reality for people who have worked a lifetime to help create families, build communities, and now find themselves in this challenge as they go into those years in which they thought their hard work would pay off. These hard-working Americans, who worked hard their whole lives, need us to act in a strong and sensible way to ensure that 30 years of savings do not get largely eliminated within 30 days.

Let's talk about mortgages, which is at the heart of what our challenges are and the foreclosures that are mounting.

The credit crunch affects your mortgage even if you pay it on time because if you have a mortgage, whether you pay it on time or not, you are going to find it difficult, if not impossible, to refinance your mortgage or to take out a second mortgage if you need it for the college education of your children or if, God forbid, there is an illness in your family that isn't covered by the insurance you have, if you have insurance, or if you are underinsured. You are going to find yourself with higher rates and different lending conditions.

Your neighbors who are struggling and who are walking away from their homes because there is a padlock on the front door—their loss; you may think they maybe didn't make the right decisions, maybe they are part of that 6.1 percent unemployment who lost their jobs and now find themselves in a set of circumstances where they cannot meet the mortgage payment, maybe some should have known better. But regardless of the circumstances, whether they lost their job, don't have the income stream they had before to pay their mortgage, or whether it is because they were led to bad mortgages—I have people come into my Senate offices in New Jersey, and when we look at their information, we see they could have been very responsible borrowers at fixed rates, but they were led to mortgage instruments that, yes, were lower at the beginning but ultimately ballooned later. It is a crime that those mortgage lenders drove them to those products, knowing they could have been a very responsible borrower and had the ability to pay a long-term loan at a fixed rate, they led them to those products and had them choose a mortgage product where now they find themselves losing their home.

Neighborhoods with foreclosures bring down home values for everyone in that community. I looked at the Center for Responsible Lending, and I looked at what they are saying about some of our challenges. In New Jersey alone, there are approximately 53,000 homes, and rising, in foreclosure. By the way, we are not the worst State in the Nation in this regard but by way of example. What does that mean? That affects neighborhoods and other homes and becomes a multiplier effect of enormous proportions.

When a home forecloses in your neighborhood, the overall value of homes in that neighborhood falls. In New Jersey, that is the equivalent of about an $11,000 loss on your home. Having done absolutely nothing, paying your mortgage, being responsible, you still lost $11,000 on your home because of foreclosures taking place in your neighborhood. When there is a multiplicity of those foreclosures taking place in your neighborhood, it drives the value down even more.

That has a consequence too. When values are driven down, as a former mayor I can tell you that means the ratable base begins to shrink. When the ratable base of all values begins to shrink, that is less taxes being paid. When that happens, there are two decisions to make. Either you cut services—police, fire, education—or you have to raise taxes collectively. Of course, that has a spiraling effect in and of itself.

This foreclosure crisis is very much a reality not only for those who are losing and/or have lost their homes, but it is very real for those of us who still have a home because our home simply isn't worth as much as we paid for it.

The credit crunch makes it harder to get financing to go buy a home presently. We have a story of someone who, totally responsible, good job, buys a condo and gets preapproved for their loan and they sign a contract. But a week before the closing, they are told the market in which they have purchased is declining and now they have to come up with twice the downpayment they had originally been approved for. So that may mean that home doesn't get sold, that person has to make other choices or, if they have any assets to meet the greater downpayment, they now have to make other choices in their lives as well. So the house sits on the market continuing to lose value and affects the values of all other homes in that neighborhood. That has a consequence for all of us.

I have tried to outline what some of the challenges are. Let me talk about what I hope we will consider moving toward. As bad as the situation has gotten, with hundreds of thousands of Americans losing their jobs and millions losing their homes, energy and health costs sky-high, with businesses in trouble and loans of any kind incredibly hard to come by, most Americans have been morally opposed to the rescue plan leaders in Congress and the administration presented. Most Americans aren't too interested in a plan that risks rewarding those who got us into this mess, and they are absolutely right to be outraged.

I, personally, as someone who in March of 2007, at a Senate Banking Committee hearing, raised the fact that we were going to face a tsunami of foreclosures and that we should be ahead of the curve and deal with that reality, unfortunately, had the administration say to me at that hearing that it was an exaggeration. Well, unfortunately, we haven't even seen the crest of that tsunami, and this is the issue that is at the core of our challenge. So I am, personally, incredibly angry that the greatest economy in the world has been brought to this point.

But let us be very clear: Those people who brought us into this process have to be brought to justice, but while we consider that, the reality is we are all facing a consequence. That said, the need for accountability doesn't take away the need for action to rescue the system they damaged. As much as maybe some reckless CEO deserves to lose their job, we can't watch 2 to 3 million Americans lose their jobs to achieve that result. We can't let the entire system fail to punish the few who brought us to where we are today.

We have already lost over 600,000 jobs this year alone. We have a 6.2-percent unemployment rate—the highest in 5 years. In some communities, such as the Latino community, it is 8 percent unemployment and rising. We have to be very clear. If the crisis continues, it is going to drastically change our way of life for the worse. So doing nothing is not an option. If we don't shore up the economy's foundation, the floor is going to cave in on all of us. We have to do something to thaw out the credit market, restore trust in our financial system, and put out this economic wildfire before it is too late.

Once we saw centuries-old financial institutions fail, once we saw our credit markets freeze up and Americans' savings begin to disappear, the question wasn't do we have to act, the question was how to craft a plan that would work and would give maximum protection to the taxpayers who might fund it.

Now, I believe there is something that wasn't in the plan but that should be included, and I appreciate Senator OBAMA's suggestion of it today, where he proposed lifting the current limit on the Federal Deposit Insurance from its current limit of $100,000 to $250,000. He said he believed it would be:

> A step that would boost small businesses, make our banking system more secure, and help restore public confidence in our financial system.

Right now, the Federal Deposit Insurance Corporation guarantees deposits up to $100,000 for every citizen or business. Meaning that if the bank goes down, the Federal Government guarantees your first $100,000 are safe. This would raise that limit, at least for a period of time.

The FDIC has a long history of experience in protecting taxpayers from an infusion of public capital, especially by preferred stocks and warrants. They know what is the right stock and warrant. These are the guarantees for taxpayers. It would stop the flight by small businesses from some banks to those banks that are considered too big to fail but leaves other institutions without the resources to be part of the lending that is necessary in the community. Deposits would stay in these institutions because there would be newfound confidence, and others would now be depositing their money because they would have a higher insurance level, of up to $250,000, which would provide liquidity to lend to those very businesses that may be placing their resources there. Again, these are the small businesses that create 75 percent of all the jobs in the country.

So I hope we will look toward including that provision. I think it is a good one. Change is a good part of what we are seeking to do with an institution that has a long history of being successful on behalf of the taxpayers.

I also hope we will look at homeowners. I had a pastor in my home State of New Jersey who had been working with not only his congregation but others with his community development organization to try to save homes. We are told that, in fact, we are getting the lenders and the banks to reconsider the mortgages and refinance them and work with people so they can stay in their home and be responsible borrowers. It is better to have a performing mortgage versus one that is nonperforming and is a negative asset to that bank. So if we can keep people in their homes, making it a performing mortgage and making sure it is, in fact, an asset and not a liability to those institutions, we should do that.

Yet recently we had a situation—one example—of a home in New Jersey with a $238,000 mortgage. The homeowner was in foreclosure crisis. They offered to give $220,000 of the $238,000 through the community development corporation. The bank said no. So they are getting zero. Instead of getting zero, they were going to get $220,000 of the $238,000—an $18,000 difference—and they said no. So the community development corporation went to the foreclosure sale and bid the $238,000, the full amount of the mortgage. What did the bank do? They bid it up to $240,000. So they preferred to have this person go in foreclosure. They bid more than they were even getting on the mortgage, even though they could have been made whole, and at the end of the day they had a mortgage that was nonperforming. So we need to do a lot better, a lot better at what is the core of the problem.

I think the New York Times said it well when they said:

> Homeowners were also given short shrift with provisions that mainly urged lenders and the Treasury to do more to help them. That's unconscionable. The financial crisis is as much a problem for homeowners as for Wall Street investment bankers. Appeals to lenders' better natures has not worked to bring lasting relief to homeowners. If they are still not working in the coming months, Congress needs to revisit the issue.

I agree with them totally. It should be a basic principle of our actions now, that if we have to rescue Wall Street from their profit-seeking failures, we should also rescue homeowners, many of whom are in trouble through no fault of their own. Remembering Main Street is beneficial to all of us, and remembering that a foreclosure in our neighborhood affects the value of every house on the block and brings down the broader economy, it doesn't make sense to simply sign off on a plan that keeps the CEO in their office but kicks a family out of their home.

If we are going to solve the problems that are at the root of the crisis, we have to provide real relief for struggling homeowners. That is incredibly important. One of those ways is through Fannie Mae and Freddie Mac. They are now Federal entities. Not only were they federally backed at one time, but they have now been taken over by the Federal Government. They do not need legislation to have a 90-day freeze on mortgages that may be in foreclosure. We can try to rework those mortgages and make them performing loans and keep people in their homes. We can make them positive assets versus negative assets for the bank, and that is one thing we can do without any action. But we need the Government and the administration to move in that direction. That also further limits taxpayer exposure.

Finally, let's go back to that poll. What did Americans say? They understand this is a crisis, but they don't see the connection in their lives, and I have tried to make that. They also didn't think there was enough in the package to deal with the challenges they face. Therefore, I know our colleagues, many on the other side of the aisle, didn't vote for the stimulus package we offered as Democrats. But it is time to hear what Americans are saying to you. It is time for a new economic stimulus package targeted at creating hundreds of thousands of good-paying jobs so we can offset the 600,000 that were lost over the course of this year and to prevent cuts in critical services for millions of Americans. I hope we will revisit that.

We should institute a loan program to help jump-start one of the most important economic engines in America—small business. As I have said before, because of this severe credit crunch, many small businesses—especially those starting out but many well-established businesses—are having trouble finding credit on the private market. I think emergency loans should be available to small business along the lines of what we provide during a natural disaster. This is a pretty big financial storm, and temporary relief can make a big difference. After all, these are the businesses that create 75 percent of America's jobs.

Tom Friedman put it well when he said:

> If our economy were a car, the financial markets would be the transmission, but they're not the engine. The engine of American prosperity is American innovation. And until we get that engine revved up again, investing in higher education and advanced energy, we are going to be driving over a rough stretch of road.

Most importantly, if the Federal Government is either going to take on these bad assets or find some other way of capitalization, there must be regulatory reform as well. Those regulations must be robustly enforced. We can't have the cop on the beat, which is the regulator, ultimately hitting the snooze button instead of being at their post and making sure we don't have excesses in the marketplace in a way that ultimately leads us to where we are today.

So we never find ourselves in this position again if we pursue robust regulation and its enforcement. If we do not do that, we will send the message that it is okay for firms to behave recklessly, and we will be forced to follow this challenge further down the line.

I do not mean to say that the movement toward a rescue plan, with some of the additions I talked about, whether in that plan or following on, is going to bring the sunlight of prosperity tomorrow. I think no one here should believe that. But the consequences would be far greater.

I think it was said best in the past when President Hoover said, ''The fundamental business of the country is on a sound and prosperous basis.'' Well, we are not on a sound and prosperous basis. It sounds similar to some of the comments being made today. We need to address some of these fundamentals. This in and of itself will not be it.

So I hope the Senate will stay even after we meet this challenge in the next day or so, and hopefully the House will follow the leadership that has taken place here. I hope we will understand that there are still challenges in the days ahead. The administration has left us with bad choices, but they are choices, nonetheless, that we have to deal the best and act on in the Nation's interests at the end of the day.

As a member of the Banking Committee, I agree with Chairman DODD. We should have sessions to look very closely at the regulations we need, this administration and the one in the future. This one does not have too much left to it to adopt. We need a strong response, but we need one that is well calibrated, has the appropriate oversight, and we want to make sure Main Street is protected as much as Wall Street.

The financial crisis we face is not an academic exercise. I know some people talk about this esoterically. It is not an academic exercise. I hope people do not treat it that way because in an academic exercise, you can be wrong and the consequences are not great. If we think this is an academic exercise and we are wrong, then the consequences will be very significant. It is a threat to our everyday way of life, and if we do not act, we risk the flood of suffering washing over the entire country.

This is one of those moments that each Member of the Senate and each Member of the House must look to determine the courage that is necessary to act in the face of something that is not very popular, obviously.

We might take a page out of John F. Kennedy's book ''Profiles in Courage.'' In that book, which is stories of courage that have taken place in this institution and in the other in moments of great importance to the country, he said in that book: In whatever arena of life one meets the challenge of courage, no matter the sacrifices he makes—the loss of his friends, his fortune, his contentment, even the esteem of his fellow man—the stories of past courage can teach, they can offer hope, and they can provide inspiration, but they cannot provide courage itself. For this, each man—and, I would add, each woman—must look into his own soul.

Preventing collapse, helping those in need—that is our challenge. I hope that, with some changes and a commitment to do more in the mainstream economy, we will have every Member look in their own soul and provide the courage that is necessary to do what is right for our country and its people.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Before my colleague from New Jersey leaves the floor, I wish to commend him for his comments. I had an opportunity—I was not on the floor the whole time but was in the adjoining offices. Of course, with modern technology, we have the opportunity to listen to each other and express our views. I commend him on his. It was a very thorough and important hour to take. We have few opportunities which allow us to have a chance to lay this out as the Senator from New Jersey has just done, going back and examining sort of the autopsy of all of this.

We are sort of caught up in the moment and exactly what is happening from moment to moment with the stock market and the bond market, the credit markets across the country and the unemployment numbers. But I think going back and understanding the genesis of this is tremendously valuable. We have some very important and difficult decisions to make in the next few days that are critically important. He has outlined them as well. None of them are perfect. None of us like being here. But we have a challenge in front of us.

I think he did an admirable job of explaining this, of where we have come and the idea of how we come back to the decision we make in the next 24 or 48 hours but also what needs to be done after that to make sure we do not find ourselves back here in a matter of weeks or months grappling with even more compound and difficult economic choices.

So I did not want to miss the opportunity to come out and thank you.

Mr. MENENDEZ. I appreciate Senator DODD's words, and I appreciate, above all, his leadership on the Banking Committee and here in this institution. You took a document that was sent to us that had no protections, no guarantees, and certainly nothing for the homeowner, and you dramatically made it better. I know you are working to look at what else can be done.

Above all, I appreciate the statements you have made moving beyond the immediate crisis, the leadership you will exert on the committee to have us immediately look at some of these other challenges which are incredibly important for the Nation and a reassurance to the American people. I appreciate the Senator's leadership.

Mr. DODD. I thank the Senator for that. The Senator has pointed out, of course, just as the Presiding Officer, his great interest in these matters, and the Senator from New Jersey is, of course, a very worthwhile member of our committee, as is the Presiding Officer.

As we look at these questions, and I intend to do that. In fact, I am not going to wait long. Our intention is that on the committee, we will move aggressively—in a matter of days—to examine further as to how we arrived in this situation, No. 1; No. 2, to monitor how the bromide that we have been offered by the Secretary of the Treasury, the solution to all of this, is working; and then thirdly, of course, how do we reconstruct or construct anew the architecture for a 21st-century financial services economy or one that depends upon financial services as much as this one does?

Clearly, the architecture of our regulatory system, some rules of which go back to the 19th century—many, of course, were adopted in the wake of the Great Depression back in the 1920s and 1930s—needs to be revisited. The world is a very different place today, much more complicated, global in its complexity, and clearly warrants a fresh look at some new structures. And it is my intention as the committee chairman, along with my colleagues who serve on the committee and others who are involved in these issues, that we begin our work very quickly to address those questions.

I see my friend and colleague from Virginia. Of course, the irony or ironies is I was just about to talk about him, and this was not prearranged, him arriving on the floor, and he may have some comments to make as the system here allows us to go back and forth. I really came over to commend Senator MENENDEZ, but I have some comments I want to make about my friend from Virginia, but I do not want to deprive him of the opportunity to be heard.

Mr. WARNER. No. I have been very honored to be on the floor in connection with certain tributes, and I just by coincidence am here. But I am hopeful that the distinguished chairman could maybe tell us, the Senate—I am quite anxious; I have been here throughout the day, most of it—what is the state of the resolution of this very important problem that faces our Nation here today?

Mr. DODD. Well, I can tell you, my friend, the majority leader, Senator REID—I know from having met with him earlier today—is in constant consultation and discussions with the leadership of the Republican minority of this body as well as the Democratic and Republican leadership of the other body, the House of Representatives, to determine when and how we can go forward on the legislation that we crafted both here and there over the last 2 weeks to respond to this economic crisis we are in.

I am proud to have been involved, and I am sad to have been involved. Normally, we craft bills and we take pride in the fact that we are solving a problem, and I hope we are in this case. But I am fairly confident we will be able to get to another vote and that the other body will bring up the matter as well. The order of all of this is being discussed as you and I stand in this Chamber. No final conclusions have been reached about that, but I know people are working hard to determine how best to proceed forward.

The last thing we need is to have this not work again. We better decide whether we are serious about this. This is a difficult vote—I would not suggest otherwise—but it is an important one. I know that those who cast votes yesterday are having some second thoughts about the condition they placed us in and are trying to find a way to get back on track again. So I am very optimistic we can do that. I know the White House is now engaged much more aggressively than it has been on this issue, which I welcome. I know the leadership of the House is also working on this. I do not want to predict things with any great certainty, but I am quite confident we are working in the right direction and we should end up with a very positive result within the next 24 or 48 hours.

Mr. WARNER. I thank the distinguished chairman of the Senate Banking Committee for those remarks. I found the work product that you and others produced and which was distributed yesterday to be of great value. I was prepared to move forward and add my voice in support. But I yield now, of course, to the circumstances as the consequence of the House's action last night.

I think the leadership on both sides is very diligent; that is, the leadership—our Senate distinguished majority leader, Senator REID, and Senator MCCONNELL, the minority leader—is working on this, and I do hope we can bring this to some sort of a resolution tomorrow.

You know, it is interesting, as I sit here to talk to the Senator from Connecticut, our friendship goes back almost the full 30 years I have been in the Senate. And last night, when I went home with a bit of a heavy heart for fear that this situation was of such consequence as to almost every single American, I was trying to reflect, as I so often do, on other chapters of history which confronted our great Republic and other nations, because this is a global problem, as the chairman knows. I put together some remarks that I thought something of giving on the floor at some point in time. But I went back to a very famous letter. And the reason I raise this, I think my good friend, the Senator from Connecticut, and I have discussed many times the chapter of history during World War II and the role your father played at the conclusion of that war in terms of the Nuremberg Trials. You yourself have written eloquently on this period. So just by coincidence, I went back and I thought about the year 1941 and, in particular, January of 1941 when Great Britain at that time was undergoing the full wrath of all of Hitler's military might. It was one of the darkest hours in the long history of the British Empire.

You recall that Roosevelt penned a short note, a letter, to Churchill, and it was hand delivered to Churchill by Wendell Willkie, who was coincidentally in London. Roosevelt chose the first five lines of that famous poem of Henry Wadsworth Longfellow:

THOU, too, sail on, O Ship of State!
Sail on, O UNION, strong and great!
Humanity, with all its fears,
With all the hopes of future years,
Is hanging breathless on thy fate!

And I simply say to those, the leadership of our body and the leadership of the House, they might read that because that is how serious this problem is. It may have some parallels. That was a war, but in a sense we are in an economic titanic struggle to regain, in the United States, the confidence among our citizens—I am not talking about Wall Street or Main Street, I am talking about every citizen—a sense of confidence and how we must henceforth conduct our business for the better, the greater betterment for all Americans, whether they are rich or poor.

I just thought of that stanza. I found a great deal of encouragement and fell off to sleep thinking maybe tomorrow will be a better day. Thus far it seems to me it has been productive.

I thank the Senator. I enjoy always talking history with my friend from Connecticut.

Mr. DODD. I love that as well. My colleague from Virginia, during moments of stress and strain over the years, when it looks as though all is lost and we could never come back together, he has pulled me aside in one corner or niche of this building, and I can hear him say it over and over again, in the words of Winston Churchill: Never, never, never give in. We are at one of those moments.

Mr. WARNER. The Presiding Officer is a man who is a great student of history. We shared a few words earlier today about this situation. I think I best yield the floor so you can get down to it. I wish you great luck in all of your work, and good fortune, because it is so vitally important not just at home but indeed for the whole world.

JOHN WARNER

Mr. DODD. I thank the Senator. This is not a prearranged or prestaged event. It was my intent at this moment to spend a few minutes talking about my friend from Virginia with whom I have just shared, once again, another memorable moment, as he talks about the moment we are in. That is characteristic of my friend from Virginia. One of the reasons he will be missed, with his well-deserved retirement, is that throughout my 28 years here—actually I have known JOHN WARNER a bit longer than that, but we have served here together for almost three decades—in every moment I can think of that we have been in a moment not unlike the moment we are in—none quite so grave economically—it has always been the posture and position of JOHN WARNER to see this body not as one that is divided by this architectural divide that separates us by party, which must confound and confuse the public as they look at us, wondering if we ever begin to think of ourselves as Americans with a great privilege of serving in this historic institution, that we would come together to find solutions to problems.

It has been characteristic of JOHN WARNER, from the first moments I have known him, to always see this divide as being sort of a silly barrier; that it probably would be a wise, although probably not a welcome idea, that the seating arrangements ought not to be based on party but maybe some other configuration where you actually have to sit next to someone you may disagree with or of a different party from time to time. That, in itself, may serve as a crucible in which better decisions might be reached.

I am going to miss him very much on many different levels. We have only served on a couple of committees together over the years, not by choice but by circumstance. Yet on those occasions, I have enjoyed immensely the work of JOHN WARNER. There have been times—and he will remind me often—when we haven't shared a philosophical standpoint in common over the years. But on levels far more significant and far more important to me—and I would hope with other Members as well—my relationship with JOHN WARNER is one based on a love of this institution, the importance of it. The hope and the aspirations of a people depend upon it. That, more than anything else, is what I have enjoyed so much about working with JOHN WARNER, his reverence for this body.

I will use the words of John Stennis, the former chairman of the Armed Services Committee—the position which JOHN WARNER now holds—who spoke at a Democratic caucus meeting. He paused when he stood up for several seconds and said nothing at all, and the room quieted, as you might imagine, to a stillness. The first words of John Stennis were: I am a Senate man.

I thought, what a remarkable moment, how he began his discourse with us, those of us who were new, by describing himself as a person of this institution. JOHN WARNER is a Senate man. He has done many things of great import in his life. But if I were to be asked by people what is a good example of a Senate person—I guess more politically correct today, given the fact that we have a lot of diversity of gender in this institution—JOHN WARNER has been a Senate person. He understood the historical value of this institution and the importance it continues to play. While we have had our differences philosophically, we have enjoyed great friendship on a personal level.

I cherish in my office a wonderful photograph of JOHN WARNER and I sailing together in my Old Friendship sloop off the coast of Connecticut and Rhode Island, enjoying great dinners together, a game of tennis every now and then over the years. So beyond the political discourse and the substantive debates or disagreements, there are relationships here that are far more significant on a human level than that.

I was thinking the other day about one of these battles that goes on from time to time. This one was over which State was going to win the contract to build the Seawolf submarine. The Presiding Officer from Rhode Island would have certainly taken the side of the New England point of view. It was a serious discussion about whether it would be in Newport News or in Connecticut and Rhode Island that the contract would be awarded. There was a lot of jockeying back and forth, a serious debate and discussion. It ultimately worked out well for both States and the country as a result. But the final decision came down that Connecticut was going to be awarded that contract.

In a moment like that, after weeks and weeks of back and forth, you might expect that the delegation or the Member you have been dealing with on the other side would feel embittered or upset, a variety of emotions that would normally be put on the negative side of the ledger. I don't think I have ever told this to too many of our colleagues. I arrived back in my apartment that night feeling good about the result and the fact that it worked out well. And there on the outside of my door was a package. I opened it and there was a first edition copy of Jack London's ''The Seawolf.'' It was sent to me by my colleague from Virginia, with a congratulatory note on Connecticut and Rhode Island prevailing in this particular contest; that the country would be better if we all worked together to get this new piece of military hardware built.

I thought to myself, what an incredible gesture at a moment like this, the sensitivity, the appreciation, seeking out a first edition copy of Jack London's ''The Seawolf,'' the very program we were talking about. That is the kind of person JOHN WARNER has been.

While there will be great debate and discussion, and he has certainly done a fantastic job working with CARL LEVIN on the Armed Services Committee and has been a great custodian of guaranteeing and protecting our Nation's security during that tenure, it is those moments of arriving home that night many years ago and picking up that book that I still cherish and have by the way. I will read it to my daughters at an appropriate time in their lives, a great story in and of itself. It is moments like that.

I wish you the very best, dear friend.

Mr. WARNER. Mr. President, I thank my friend. I must say to you that John Stennis, if I had to name five individuals in this institution—I think I have served with 272 Senators—John Stennis would be one. He was a magnificent man. As a matter of fact, I have his old desk. In his final days here he called me in one day and he said: I want you to have this desk. Of course, it was a long story, but there it is. I still have it in my office. He was a great teacher.

Scoop Jackson was another great teacher. I hope some of the young Senators, that maybe they have learned from you and me. Who knows. But in those days, those were men of formidable strength intellectually, command presence, and they were great teachers. Stennis was foremost among them all.

I thank my dear friend for his comments.

Mr. DODD. I thank my friend for his distinguished career. There are plenty of references to that in the RECORD. I thought I would share at least a couple of personal anecdotes.

Mr. WARNER. We finally solved the submarine problem by, I think you built part of the ship—we call them ships now rather than boats—and we built the other part. They are put together in the yards of the two. They are sailing the seven seas today. That program is running on, and our sole production of submarines now is in Connecticut and in Virginia, putting the parts together.

Mr. DODD. That is right. We hope it works. At the time that happened, I kept thinking of the person who once described a camel as being a horse that was designed by Congress in the sense of building two parts of this boat and welding them together. It was a perfect congressional result of a matter. Nonetheless, I cherish those comments.

I wish you the very best. Thank you for your service to our country.

CHUCK HAGEL

I wanted to mention as well a couple of other colleagues who are also retiring. If I could, one is my great friend from Nebraska, CHUCK HAGEL, with whom I have served on both the Banking and the Foreign Relations Committees for the past 12 years, truly a wonderful person. We have worked together on a number of issues.

He got his first job at 9 years of age when he began to help his family economically. He was 16 when his dad died and took over raising his family along with his mother. I believe most of my colleagues are aware that he was a true hero of the Vietnam war. He saved his brother who, in fact, was serving with him in that conflict.

He has done a remarkable job in his public service years as well. We serve on the Foreign Relations Committee together and the Banking Committee. Whether the issue has been Iraq, Serbia, or Croatia, Cuba, regardless of who comes before our committee, no one asks tougher questions or gets straighter answers than CHUCK HAGEL.

On Cuba, for instance—again, an explosive issue politically—CHUCK and I offered a resolution to end the embargo in Cuba because we agreed that the current policy toward the island has failed the Cuban people and the American people alike and because we refused to let America wait on the sidelines while the future of one of our closest neighbors is determined by others.

It is that kind of courage that he brings to the debate, kind of blows through it all and says: What is the right thing for our country and, in this case, the people of Cuba?

On the Banking Committee, CHUCK and I worked for months to reinvent the infrastructure of our Nation with the creation of a national infrastructure bank, 2½ years developing that bill. In fact, it was CHUCK who convinced me we ought to announce the outcome of our work one day in August last year. I argued with him a bit. I said: No one will pay any attention to announcing an infrastructure bill in August. Who wants to hear about infrastructure in August.

CHUCK said: No, let's have that press conference and let people know what we are doing.

We met in the gallery at 10 a.m. I think we had two reporters who showed up. I said: I think I was right, CHUCK. No one cares about infrastructure.

By 5 o'clock that afternoon, CHUCK HAGEL and I were on every TV screen in America because, regrettably, of the great tragedy in Minneapolis that occurred that afternoon. The bridge collapsed. Of course, infrastructure was the subject matter for the next weeks to come. So, once again, CHUCK HAGEL understood the timing of an issue in bringing it up and how important it was for our Nation. Little did we know that tragedy would fall on interstate 35–W over the Mississippi River.

There again was CHUCK HAGEL, standing with a colleague of a different background, putting aside ideology and politics to work together to find new and innovative ways to address the Nation's most urgent priorities. That is CHUCK HAGEL, a remarkable person and a very good Senator over the years. Patriotic, never partisan, tough but fair, always engaged, sometimes even confrontational, but never, ever belligerent, a strong Member. This institution will miss CHUCK's ability to transcend politics and serve the American people. As such, the people of Nebraska deserve our thanks for sending CHUCK HAGEL to serve with us over these past 12 years. I will miss him. We all wish him the very best. He served our Nation very well during his service.

PETE DOMENICI

The last Member I want to talk about is PETE DOMENICI with whom I have had the privilege of working on so many issues over the years. In fact, only a few weeks ago I was honored to be asked to come and speak on behalf of PETE DOMENICI in Las Cruces at New Mexico State University where the Center for Public Policy is named for PETE DOMENICI. It was quite a gathering at which I was the keynote speaker, where PETE was being recognized for his contribution to the State and our country.

Jim Baker, former Secretary of State, spoke at the conference as well over that weekend. It was quite a gathering of people from that State to express their appreciation for PETE's 36 years of serving the people of his home State. Again, a legislative record that is clear and almost without peer in many ways.

Because of PETE DOMENICI our country will soon recognize that mental illness is as serious as any physical illness. He, TED KENNEDY and Paul Wellstone were so pivotal in making us all aware of how important this issue is. Without PETE's leadership, I don't think this would have happened. Without PETE going to his colleagues and saying: Let me tell you about my family—he had the courage to talk about his own family and what they have been through—it has made a difference. Today millions of people will benefit as a result of PETE's leadership on an issue that is going to make a difference in their lives. Because of PETE's leadership, candidates for President in both parties now acknowledge that we have to be serious about doing something about global warming; again, serious about reducing our emissions, ending our dependence on oil.

Again, JOHN WARNER and PETE DOMENICI are classic examples of people who step out of what you might normally associate them with on an issue and get involved and make a difference, almost overnight, because they said this is worthy of our attention and certainly serious, so serious that it demands action.

Thanks to PETE's relentless vigilance, I am confident that safe and secure nuclear energy, which I happen to be a supporter of as well, will play a large role in helping us address one of our largest problems in the years ahead. Because of PETE, last year over 5 million children in 51 counties studied what character means in the classroom. PETE and I are the authors of that idea. It started out as a small idea in his State and my State, to insist that part of the day, on the athletic fields, in classes—not just for some 15 minutes—students embrace one of the six pillars of great character and make it a part of the seamless garment of a classroom.

Today, as I say, in 51 counties, as well as in virtually almost every State, Character Counts is there, to help children learn early on the importance of what honesty and integrity mean, among the other pillars of good character.

Yet when we talk about PETE and what he has accomplished for our communities and our country, we would be doing a great disservice if we were to sum up his legacy as some series of issues. My affection for these Members I am talking about transcends the substantive issues which they have championed over the years. It goes deeper than that.

PETE's contribution to the Senate will be measured in a volume of bills he introduced with a number of votes he took; some 13,000, by the way, for which I think there are only 8 or 10 Senators who have a similar record.

But who PETE DOMENICI is, is much more than that. Long before he was a Senator, PETE was a wonderful father and husband. He grew up in a remarkable family, an immigrant family to our country—the classic American story. Many of our fellow colleagues can tell similar tales of how they arrived in this great Nation of ours and the contributions they have made.

Long before he dreamt of becoming chairman of the Senate Budget Committee, PETE was a boy counting pennies at his father's grocery business in New Mexico. So often all we hear about politicians is negativity—and it breeds cynicism, too much, frankly. But in my experience, the most effective legislators have remarkable strength and an inner confidence. That is PETE DOMENICI in so many ways.

You only need to know his wife Nancy, whom Jackie and I have gotten to know—they are neighbors of ours on Capitol Hill. We have had wonderful dinners together on Sunday nights, with PETE doing some of the cooking, and Nancy, I suspect, doing most of it, but PETE taking credit for most of it, as we would gather and have wonderful family gatherings, as they would embrace and cherish the new arrivals of my family, my two daughters. So we are losing not just a colleague but a neighbor and a friend and a person I care deeply about.

Together, these two people, Nancy and PETE, have raised eight wonderful children. As one of six myself, their house reminds me so much of growing up in my own house—kids, very independent thinkers, all challenging their parents on every imaginable subject matter, and then going out the door and parroting their parents' positions on every issue—the parents never to appreciate the fact that their words were actually carrying the day. It can be messy in those households, but it is never boring, and certainly never so in the Domenici household as well.

That is why there is one legislative accomplishment that best captures PETE DOMENICI, and that is the Character Counts bill that we started together in 1994. Character Counts was founded on a simple notion: that core ethical values are not just important to us as individuals, they form the foundation of a democratic society as well.

Values like trustworthiness and respect, responsibility and fairness, caring and citizenship are at the core of who PETE is as a human being. Despite the fact that it was PETE's own family, heritage, and faith that taught him character's importance—his mother and father, the nuns in his Catholic school—he recognized something that too often gets lost today: that in a society that celebrates our differences—our heritage, our personal interests as individuals—character is the one thing that transcends them, whether they be cultural, religious, economic, or social.

Somewhere along the way we lost that as a country. We forgot how important character is to the strength of our families, our communities, our institutions, and who we are as individuals.

Quite frankly, when PETE retires at the end of this year, in a matter of days now, I am worried we will be losing a piece of that from the institution in which he and I serve—the value that he has brought on this subject matter and so many others.

So let me say thanks to PETE for his warmth and friendship, and I wish him and Nancy the very best in the years to come. He is a remarkable individual and one who will make a difference in whatever he decides to do with the remainder of his life. I thank him for all of his contributions, and I look forward to seeing him and Nancy as often as we can in the years to come.

WAYNE ALLARD

Mr. President, I, again, want to say a kind word or two about WAYNE ALLARD as well, who is retiring. We serve on the Banking Committee together. He has a wonderful family history dating back decades in Colorado. Some of the earliest arrivals from the East were the Allard family in northern Colorado. That family has made wonderful contributions.

WAYNE has been a wonderful member of the Banking Committee. We have not spent a lot of time on many issues together, but I can tell you, on issues such as regulatory reform and working together to see we had a good housing bill last summer, WAYNE ALLARD was a very constructive and positive member, and he can be very proud of his contribution to this body.

Certainly, as to the landmark Transportation bill we sent to the President just a few years ago, WAYNE ALLARD was as much responsible for that as any Member of this body, coming from a State where you normally would not think of transportation issues, certainly not mass transit issues as being pivotal. But WAYNE ALLARD played a very important role in all of that.

So to WAYNE ALLARD, his wife Joan, and their family, I wish them the very best as well in their retirement years.

Again, Mr. President, to my friend, JOHN WARNER, a special thanks, my dear friend. Now, when they say there is a white-haired Senator roaming around the floor, they will not have to guess whether it is the guy from Virginia or the guy from Connecticut, unless someone else arrives here with a full head of white hair. So to the white-haired caucus, again to JOHN WARNER, I thank you, dear friend.

Mr. WARNER. Mr. President, I thank our distinguished colleague.

Mr. President, I see the distinguished majority leader.

Mr. REID. Mr. President, I am going to give a speech regarding Senator WARNER in just a minute.

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

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

JOHN WARNER

Mr. REID. Mr. President, it is very standard in the Senate, we say ''the distinguished gentleman,'' and we say that a lot, and we mean it. But it is never more meaningful than when you refer to JOHN WARNER as a distinguished gentleman because that says it all. If there were ever a distinguished gentleman, JOHN WARNER is that person.

I can remember when I first came to the Senate 22 years ago, I was so fortunate. I was placed on the Environment and Public Works Committee. JOHN WARNER, even though he had been here a while, was one of the relatively new members of that committee. Some people had been there for so long. John Chafee was the ranking Republican on that committee. What a wonderful man he was. But anyway, JOHN WARNER, he took such good care of me. He looked out for me. I sat on the other side of the dais, but he took good care of me. We were able to do some good things.

I was fortunate, I was subcommittee chairman my freshman year. Senator WARNER will probably remember this. We worked on a number of things. One of the things we worked on was Alar. It was a product that people sprayed on cherries, apples, grapes to keep them from falling off the trees and vines more quickly. We legislated and legislated, and we were never able to get anything passed, but we accomplished what we set out to do because through the hearing process we focused so much attention on this that people stopped using it.

JOHN WARNER is a distinguished gentleman. There is no more distinguished gentleman than the man we refer to as JOHN WARNER—JOHN WILLIAM WARNER. I love his stories. He talks about his dad who was a physician.

When JOHN was 17, he had in his heart that it was important to wear the uniform of the American serviceman. He volunteered for the Navy so he could fight in World War II. He says he did not do any fighting, but he would have if he had been called upon to do so.

After his first tour of duty, he returned home to his native Virginia, where he attended Washington and Lee University on the GI bill, and then the University of Virginia Law School, which, by the way, then and is now a very difficult school to get in. It is always rated as one of the top 10 law schools in America. It is a great school.

His legal studies were interrupted again to be in the U.S. military, this time as an officer in the Marine Corps during the Korean war. His 10 years in the Marine Corps earned him the rank of captain, CAPT JOHN WARNER.

When he completed law school, he was selected as a law clerk by one of the outstanding and historic circuit court judges: E. Barrett Prettyman. What a name: E. Barrett Prettyman. But those of us who have been in the practice of law have always recognized that Prettyman wrote some pretty opinions. He was a renowned lawyer and, of course, now we have a Federal courthouse named after Judge Prettyman as a result of his being such an outstanding judge. JOHN WARNER worked for him.

After 4 years as an assistant U.S. attorney, JOHN WARNER was appointed and confirmed as Under Secretary of the Navy, then as Secretary of the Navy.

Then, one of my fond memories of JOHN WARNER is his telling a story. He was Under Secretary; John Chafee, whom I had the good fortune to serve with in the Senate, was the Secretary of the Navy. The Vietnam war was ongoing. They were asked by the Secretary of Defense, Melvin Laird, to come down and see what was going on at the Capitol Mall. So, as Senator WARNER said, they left their Cadillacs someplace else that was supplied to the Secretary and the Under Secretary, and they took off their fancy clothes and came down to the Capitol Mall. And look around they did. There were tens of thousands of people here, tens of thousands—hundreds of thousands of people at the Mall. They were demonstrating against the war. Frankly, after listening to the speeches and watching the crowd and seeing the fervor of the crowd, both Secretary Chafee and Under Secretary WARNER returned to the Pentagon and recommended to Melvin Laird that he better take a close look at this war, that things would have to change, based on their observation of what was happening on the Capitol Mall that day.

That is JOHN WARNER perfectly described: Someone who gathers the facts, and after having an understanding of the facts, issues his honest opinion as to what is going on. He and John Chafee, two wonderful human beings, two dedicated servants of the U.S. military returned back to the Secretary of Defense and said: Things have to change.

After serving in the Department of the Navy, he did a number of other things. But the story I try to tell is, I repeat, a real JOHN WARNER portrayal because he is always eager to listen to all sides of an issue. He is always willing to part from conventional wisdom in order to do the right thing, and then once he says he is going to do something, that is it. So after serving in the Department of the Navy, he decided he would accept the challenge of being the national coordinator for America's bicentennial celebration in 1976. As my colleagues know, there are a lot of things that happened during that period of time under his leadership. But as a little side story, there is a story about Virginia City, NV. Virginia City, NV, at one time was a thriving place of some 30,000 or 40,000. It was the reason Nevada became a State so far ahead of most Western territories. In 1864, we became a State. But as part of his going around the country, as you do when you have a job such as his, raising money and giving speeches, he was asked to go to Virginia City, this historic place in Nevada. He had never been there. It is a very winding road to get up there, and it is a dangerous road. But he was looking forward to being there because one of the patrons in the area—there are some people who are wealthy in Virginia City—decided to have dinner in honor of the bicentennial celebration. So JOHN WARNER and his entourage arrive in little Virginia City, which now, by the way, is not 30,000 or 40,000, it is a very small community of maybe, if we are lucky, a thousand—but probably not. He goes to the assigned place. He knocks on the door. There is no answer. He looks in the window, and you can see the beautiful table, it is all set. It is a banquet in this beautiful home. So someone with JOHN WARNER goes to the local law enforcement and says: Could you help us? Because they thought maybe something was wrong. So the local deputy comes and looks in the window with everybody else, walks around the house, and he comes to Senator WARNER and says: Mrs. So-and-so is in her vapors. The dinner will not go forward. In Nevada, rather than ''in her vapors,'' we would have said she is too drunk to a have a party. But anyway, JOHN WARNER, being the gentleman he is, responded that was okay. Although he came to Virginia City, he did not have dinner at that home that night. He went someplace else for dinner.

I heard Senator DODD's remarks about him. JOHN WARNER is a unique individual. I see the Presiding Officer who is a brandnew Senator. During that time, we had something called the nuclear option, and I heard Senator COLLINS talk about this today. Senator COLLINS was talking about how JOHN WARNER silently was the leader of that situation that took place. I talked to JOHN WARNER during that period of time. JOHN WARNER told me what he was going to do. I never once told anyone publicly what he said he would do, but we all knew where he was. I knew where he was. He was on the right side of the issue. Because of his credibility, the issue, with the help of some new Senators such as the Presiding Officer from Colorado, was settled to the good of the country.

JOHN WARNER is a person who has class. He has clout and he has tremendous courage. JOHN WARNER was sitting as a Senator. A Democratic Senator was his colleague. A person was running as a Republican against his colleague in the Senate, somebody whom JOHN WARNER didn't agree with, and he said so. That takes courage. Think about that. You are a Republican from a Republican State. You are sitting with a Democrat. The person who is the nominee for the party is somebody whom you would think the senior Senator from Virginia would support. JOHN WARNER, as a matter of conscience, couldn't do that, and he didn't. Everybody said ''that is the end of JOHN WARNER. He will never get reelected.'' But, of course, it only caused his popularity to grow in the State of Virginia because they know JOHN WARNER is a person who supports people for whom they are, what they do, not any political party.

JOHN WARNER was elected in 1978 to the first of five terms representing the Commonwealth of Virginia. Three years ago, he became the second longest serving Senator in the history of the Commonwealth of Virginia. It is without any elaboration or fluff of any kind that now, in his 30th year as a Senator, JOHN WARNER has rightly earned the reputation as one of America's alltime great legislators. He is an expert in a number of different areas: national security. He is a champion for the men and women in the military, there is no question about that; he served as chairman and now the ranking member of the Senate Armed Services Committee; he is a leader on environmental issues; he served as longtime senior member of the Environment and Public Works Committee, where I had the pleasure of serving with him.

JOHN WARNER is going to return to private life at the end of the year. The family, our family, our Senate family will lose a tremendous leader and friend. In a place where one's integrity is paramount, I have not known anyone more honest and honorable than JOHN WILLIAM WARNER. I have served throughout my career with lots of people at city level, county level, State level, in the House of Representatives, and in the Senate. I have served with hundreds and hundreds of men and women. There may be, JOHN WARNER, people who are as honest and as honorable as you, but never have I met anyone more honorable and more honest than you. Our country is grateful to you for your service. Even though the people of Nevada don't know you, if they did, they would be as grateful as I am for what you have done for our country: Dedicated service in the Senate, in the Armed Services Committee, for the cause of democracy.

He knows everybody. I was talking to him the day before yesterday when Paul Newman died. I said: Did you know Paul Newman? He said: Yes. My son went with his daughter for a couple years. I said to him: Was his daughter as pretty as Paul Newman was handsome? He said: More so. That kind of speaks to his son, too, doesn't it?

JOHN WARNER, a man who had an estate in Virginia, decided a number of years ago to no longer have that and moved into the city. I wish I had the words to express, to communicate, to tell him of my affection, my admiration. But even though I may not be able to express it very well, I want JOHN WARNER to know that JOHN WARNER will always be in my heart.

The PRESIDING OFFICER (Mr. SALAZAR). The Senator from Virginia is recognized.

Mr. WARNER. Mr. President, I think sometimes Senators should be seen and not heard from. That might be this moment for me. I am deeply moved and humbled by your comments, my dear friend and leader of this body, at this time. As I was talking with Senator DODD about history and how both of us have an interest in the great events of our Nation, we talked about the challenges facing America tonight and how fortunate we are to have leaders such as yourself and Senator MCCONNELL on this side of the aisle to lead our Nation out of this situation. I am glad we didn't dwell on those heavy matters. We touched on the light ones as we talked together. How well I remember you as the chairman of the committee; you remember we worked on batteries. For some reason, the lead battery was the center focus at that time.

Mr. REID. I say to my friend, now it is a big issue. We tried a long time ago.

Mr. WARNER. That is right. But we got some money and put it into research of batteries, which hopefully might be contributing in the future to our deliverance from the problems we have with reliance on foreign oil and greater use of our motor vehicles operated by natural gas. But I could go on.

Mr. REID. Mr. President, could I interrupt my friend and say one thing? I wish to say this because I try not to be envious. Envy is not anything that is good, but I have to admit that I am so envious of your hair. I mean, for a man—I mean, I am envious. I have to acknowledge that. It is great. I wish I could get up in the morning and go to the mirror and have that.

Mr. WARNER. I am about breathless at the moment, but if you will spare me a minute to tell a story about that. My mother lived to be 96 years old and she bequeathed this to me. But I can tell you a number of times calls come into my office and people will inquire and ask for the Secretary, not me, and they will say my husband has a bit of a problem, but it can be solved if the Senator would say where he gets his wig. So I am not—that is true. It has happened about a dozen times in my 30 years. So that is one of the great things——

Mr. REID. So you will forgive me of my envy?

Mr. WARNER. Yes.

Mr. REID. Thank you.

Mr. WARNER. But I thank my distinguished leader. I also wish to say, on behalf of my wife, the deep affection our two wives have. They have been privileged to serve the responsibility of shepherding the annual event for the First Lady. When that occurred in my house, everything stopped. I mean all engines, everything. The total focus for weeks was that luncheon. I think my wife succeeded your wife.

Mr. REID. That is right.

Mr. WARNER. My wife learned the meticulous manner in which your wife planned that event. But the wives play a vital role in this institution. While we sit here and have what I call the good old democracy mind and we argue between each other in the quietude of the evening, our wives will put us together and all is forgotten. That is the strength of this institution.

I thank my good friend. I do not deserve the rich remarks he made, but I accept them in the sense that he made them.

The PRESIDING OFFICER. The Senator from Illinois.

JOHN WARNER

Mr. DURBIN. Mr. President, I join in the tributes of my colleagues who are leaving the Senate on the Republican side. There are only three ways to leave the Senate. You can retire, you can lose, or you can die. They have chosen the best of the three options, to leave of their own will.

The first Senator to whom I wish to pay tribute is on the floor. That is Senator JOHN WARNER of Virginia. I have listened to the tributes from Senators HARRY REID and CHRIS DODD and so many others and I join in the chorus. I will not recount JOHN's illustrious career and service to our country. But he was kind enough a few weeks ago, when I called and said I do a cable show, can I drop by his office, and he agreed to it. We have captured forever, in this little cable show I do, his office. Some of the memorabilia tell the story of his life and the story of Virginia and the U.S. Navy, I might add, and he also shared so many great stories of his service to our country in so many different capacities—in the Navy, in the Marine Corps, in the President's Cabinet, and in the Senate.

I think of JOHN WARNER and his gentlemanly ways as I hope not a throwback to the Senate of the past but perhaps an inspiration of the Senate of the future because his friendship transcends party label.

There have been times in the Senate when he has proven, with his independence, that he looks at issues honestly and directly and sometimes has broken from the ranks of his fellow Republicans when he felt it was necessary. I know he thinks long and hard before he makes those decisions.

There have been times when he showed extraordinary leadership during this contentious debate over this war in Iraq. He and Senator LEVIN exemplified the very best in the Senate. Even when they disagreed, they were totally respectful of one another, they were deferential to one another's feelings and interest. Yet they served the national purpose by engaging in a meaningful, thoughtful debate on an extremely controversial issue.

During the course of the last several years—JOHN WARNER may not remember this, but I will never forget it—when I got into hot water on the floor of the Senate for words that were spoken, JOHN WARNER was one of the first to come to me afterward. He put an arm on my shoulder and said: Look, we all make mistakes. Carry on.

I know it is probably something he has forgotten, but I never will. I thank him for that generous spirit and compassion, which I hope will be part of my public service career in the future, as has exemplified his own. He showed courage so many times and foresight that will be part of his legacy.

As HARRY REID mentioned, the courage to step out in his own home State against all the odds and to take on a member of his own party with whom he disagreed in a very public way, that wasn't missed. We noticed all across America that you were willing to show that kind of courage.

In the Senate recently, if Senator BARBARA BOXER was on the floor—if she hasn't already done it, I am sure she will when she returns—she will tell you, were it not for JOHN WARNER's leadership, the debate on the issue of global warming would not have gone forward in the Senate this year. Both Senator WARNER and Senator LIEBERMAN stepped up and found a bipartisan approach to deal with this issue. We did not pass it. I wish we had. But we certainly engaged in debate many thought was impossible. We brought it to the floor. We engaged the Senate and the American people in a thoughtful consideration of an issue that will be here for generations to come.

I consider it a great honor to have served with JOHN. I think he is an exceptional individual. Virginia was lucky to have him as their voice in the Senate for 30 years. America was lucky to have him in service to our country in so many different capacities.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I thank my colleague for his very thoughtful remarks. Our relationship has been one that included both wives. I recall an event we attended, and immediately the next morning my wife received from you a book which she, being an avid reader, stayed in that book for the evenings that went on for a week or so. That is the way this great institution works. It is not all on the floor before the television cameras.

Senator DURBIN is a strong leader, a tough adversary. I wish to say how much I have enjoyed working with you through these years. I wish you and my other colleagues well because you have a great challenge in the next few days or two. We have to solve—and you will be part of that leadership team dealing with it, along with colleagues on this side—we have to reach the right solution to restore America's confidence in the lifeblood of this Nation; namely, its economics.

I thank the Senator. I wish to add that my mother very proudly always claimed Illinois as her State.

Mr. DURBIN. Mr. President, we are honored being the home of your mother's birthplace. I failed to mention one other bill that I think is so important, and that is the extraordinary assistance Senator WARNER gave to his colleague, Senator WEBB, when it came to the new GI bill. That bill passed, and it will dramatically improve the lives of so many veterans and their families because we stepped forward in a bipartisan fashion. It was the first thing Senator WEBB said to me as a new Senator was his goal, and he would be the first to add he could never have achieved it without the support of his colleague from Virginia.

Mr. WARNER. Mr. President, how thoughtful to raise that, not in the context of this Senator but Senator WEBB. I have great respect for him, particularly his military career, which is extraordinary, where mine is of far less consequence. I joined him. He was the leader on that legislation. I always said I was the sergeant in the mere ranks of his platoon. But it did, and it enabled me to add one more chapter to what I have tried to do so much: to repay to the current generation, the men and women who very bravely wear the uniform, all the wonderful things that were taught me by previous generations of men and women who wore the uniform from whom I learned so much throughout my entire career and public life.

That is landmark legislation, I say to my good friend from Illinois. It is something that is well-deserved for the men and women and their families. I commend you for bringing up that about our good friend and colleague, Senator WEBB.

I yield the floor.

CHUCK HAGEL

Mr. DURBIN. Mr. President, 12 years ago when I came to the Senate, I was joined by a new Senator from Nebraska, CHUCK HAGEL. CHUCK became a friend, and we have worked together on a number of issues over the years. He also, in a weak moment, agreed to do my cable show. I went to his office. We talked about his background; first, his service in Vietnam, something I particularly admire, the courage he showed in volunteering to serve in our Army, and then coming together with his brother in the same unit and both of them under fire. Both of them served our country in combat. He came back and was a successful businessman. He went on to serve the people of Nebraska and eventually to serve in the Senate.

We have worked over the years together. I have always found him to be a gentleman. His word is good, and he has the courage to step up and take a position once in a while that may not be popular, even in Nebraska.

I know his leadership on the issue of the war in Iraq will be remembered because, during the last 2 years when we struggled to find a way to bring this war to a close, he is one who would cross the aisle and join us in an effort to find a reasonable way to end this conflict in an honorable manner. I respect him so much for that.

I have one special little measure of gratitude for CHUCK HAGEL. There is a bill I introduced which is as near and dear to me as any I considered. It is called the DREAM Act, to give literally tens of thousands of children across America who came to this country, were brought here by undocumented parents, grew up as Americans, never knowing any other life, any other culture, maybe not knowing any other language but English, and now find themselves graduating high school with no country. They are told officially by American law they are not wanted or needed and asked to leave. They have nowhere to go. This is home. They want a chance, just a chance to be part of America's future in a legal way.

This DREAM Act has been controversial because it relates to immigration, and that is not an easy issue. CHUCK HAGEL stepped up and cosponsored that legislation with me, and I will never forget it. It meant a lot for him to show that kind of courage.

Even though we did not prevail, someday we will, and when that day comes, I will honor him on the floor for his exceptional courage on this matter that means so much to so many young people across our country.

PETE DOMENICI

PETE DOMENICI of New Mexico has been an institution in the Senate for many years. It has been a pleasure to serve with him for 12. I once visited New Mexico and went to a roadside stand where they sell these Christmas wreaths made out of chili peppers. There was a Mexican-American lady. I started to buy the Christmas wreath to take home to my family, and I said to her: So I understand you have a Senator in this State named DOMENICI. Oh, I love PETE DOMENICI, she said, and went on and on about what a great man he was, how much she liked him. She said: You know, I am a Democrat, but I am a Domenici Democrat. I always voted for PETE. I think he is a good man.

He is a good man. He and his wife Nancy have raised a good family. He has done so many things. He feels passionate about so many issues, but the one I wish to particularly credit him for leadership on is the issue of mental health parity.

He and Paul Wellstone stood up on that issue when nobody else would. Paul passed away 6 years ago in a plane crash. We have continued to find a way to pass that bill. We still have a chance in the closing hours of this session, and I hope we do.

In a magnanimous gesture, PETE came forward and said this should be known as the Wellstone-Domenici bill; Paul Wellstone deserves top billing on it. I am glad he did that. It showed character and the kind of man he is. We need to pass that bill before we go home, not just for PETE DOMENICI and the memory of Paul Wellstone but for the millions of people across America counting on us to make sure victims of mental illness are given fair treatment under hospitalization policies across this Nation. He certainly deserves it.

WAYNE ALLARD

The last is WAYNE ALLARD. WAYNE ALLARD is a colleague of mine who made a promise to the people of Colorado that he would not run for reelection, and he kept his word. He did not stand for reelection this year. WAYNE and I had an interesting responsibility, assignment, to deal with the legislative appropriations bill. It does not get a lot of attention because it just deals with Capitol Hill and the people who work here. But this Nation's Capitol is a great American treasure. WAYNE took it so seriously. He held more thoughtful hearings about this Capitol and the new Capitol Visitor Center. He asked the hard questions and did it in a respectful, gentlemanly way. I was honored to sit next to him and to participate in those hearings.

I came to know him and his family and respect him. We get to see one another in the Senate gym in the morning. I go there in the morning for no obvious reason, but I get to at least socialize with WAYNE and a number of other colleagues. I am going to miss him and wish him the very best.

Those Senators leaving our ranks leave positive memories for this Senator from Illinois. The fact that I have been able to serve with them, know them, and count them as friends, I count as one of the real blessings of my service in the Senate.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. WHITEHOUSE. Mr. President, I had occasion to share my thoughts about the Senator from Virginia before and do not intend to expand on those remarks at this point other than to note that I think all of us, particularly those of us who are new, very much feel we are graced by this institution and by the opportunity we have to serve in it. Some of us have the opportunity to grace it back, and Senator WARNER of Virginia has certainly done that.

I ask unanimous consent that at the conclusion of my remarks, the distinguished Senator from Iowa, Mr. GRASSLEY, be recognized.

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

Mr. WARNER. Mr. President, I wish to express my appreciation, as always, to my good friend. This man will leave his mark in this institution. I tell all that with a great sense of pride, as will the Presiding Officer. I have come to know him and work with him on many occasions.

I yield the floor.

DEPARTMENT OF JUSTICE INVESTIGATIONS

Mr. WHITEHOUSE. Mr. President, I am particularly gratified to be speaking about this now because you, the distinguished Senator from Colorado, were formerly the attorney general from Colorado at a time when I was the attorney general of Rhode Island, and I just want to make a quick point.

We all recall the very unfortunate tragedy, really, that befell the Department of Justice as a result of extremely unfortunate decisions made at the management level which culminated in the forced retirement—the firing, if you will—of a significant number of U.S. attorneys for political reasons. The fallout from that disaster has obviously been profound: the Attorney General resigned, the entire top structure of the Department of Justice is gone, and a lengthy investigation has taken place into what happened.

In the last 2 days, the Office of Inspector General at the Department of Justice and the Office of Professional Responsibility of the Department of Justice have released their report. It is about this big—it is 348 pages, I think—and I have been through it.

First of all, I want to compliment the Office of Inspector General and the Office of Professional Responsibility on the work they did. It is an exhaustive, thorough, and profound piece of investigative research. But what sticks out more than anything else from that report to me is the fact that former White House appointees refused to be interviewed. The former counsel, a lawyer, to the White House refused to be interviewed. The President's political adviser refused to be interviewed. More than that, the White House itself refused to provide internal e-mails relevant to this investigation to the Department of Justice.

We have been denied those things on grounds of executive privilege, but there is no executive privilege between the White House and an executive agency. So there were no grounds for refusing to cooperate and refusing to provide those materials. There was no legal justification for it. They just said no.

Worse still, as the Presiding Officer knows, there is an office within the Department of Justice known as the Office of Legal Counsel—I repeat, within the Department of Justice. The Office of Legal Counsel itself refused to provide a document in its possession to the Office of Inspector General and the Office of Professional Responsibility in this investigation. It was a triple stonewall—the former White House officials, the White House itself, and the Office of Legal Counsel with respect to this one White House document. As a result, the inspector general's report itself concludes that their investigation was hampered—that is their word—that their investigation was hindered—that is their word—and that there were gaps left in this investigation as a result of the failure of the White House to cooperate and instruction to the OLC not to produce the document. And indeed, one of the people who refused to cooperate—a former White House employee, former White House Counsel Miers—indicated that the reason she wasn't was because to cooperate with this would be inconsistent with White House instructions not to cooperate with Congress.

So here is the point. Where is the Attorney General in this? You have been an attorney general; I have been an attorney general. What happens when you are in charge of an investigation and your investigators are hampered and hindered in their investigation in a way that leaves gaps in the investigation as a result of noncooperation by your own administration? What do you do? We were elected to our positions as attorney general. We would have known what to do.

I think this is a very important moment in the history of the Department of Justice. It is a contest of wills between the White House refusing to cooperate and the Department of Justice going about its legitimate investigative function. I think the Attorney General has an important role. I think it is vital for the Attorney General to stand with his investigators, with his

Office of Inspector General, and with his Office of Professional Responsibility. I think he has no choice, without doing lasting damage to the Department of Justice and creating forever the precedent that when it comes to the investigative responsibilities of the Department of Justice, White House participation is optional, even when the investigation leads into the White House. That is an admission by the Department of Justice at the highest level, by the Attorney General himself, that the White House is above the law in this country, which I don't think is the right answer.

I haven't been in that position. I know it is a tough call. But other Attorneys General have been in that position and they have faced that tough call. Just recently, we learned that Attorney General Ashcroft was prepared to resign in a similar face-off with the White House. Backed by Deputy Attorney General Comey and others in the Department and faced with that stern resolve by those men, the White House blinked and backed down. So the question now is, Does Attorney General Mukasey have that same stern resolve or will he be the one who blinks and backs down? He has appointed a new Special Prosecutor, but we don't know what is going to happen there.

As a former attorney general, the Presiding Officer knows well that could disappear into a grand jury, be protected by Rule 6(e) secrecy of the grand jury, and never be heard from again. This could be a way to put the investigation aside and quiet it rather than to see it through. But what the Attorney General can do is march up to the White House and say: This noncooperation is not tolerable, it is not acceptable, and I will not stand for it. One of two things is going to happen: Either the White House is going to cooperate with my investigation or I am going to resign.

That is the position the Attorney General is now in.

Winston Churchill used to talk about the fine agate points on which great institutions and history turn. I think Attorney General Mukasey is at one of those points, and the question for him now is, Do you blink or do you stand with your investigators?

Mr. President, I thank the distinguished Senator from Iowa. I said I would be brief, and I was only marginally brief. Perhaps by Senate standards I was brief but not by real standards, and I appreciate his patience.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

TAX TREATMENT HEALTH INSURANCE

Mr. GRASSLEY. Mr. President, I want to visit with my colleagues for a bit about the tax treatment of health insurance. Republicans and Democrats who have studied the issue agree that the current tax treatment of health insurance is inequitable. Others believe our current tax rules increase health care spending and contribute to the growing number of uninsured, to add to other negative aspects of the present tax treatment of health insurance. Congress needs to take a very hard look at the Tax Code when it takes up health care reform.

There are a number of ways to structure a proposal that would change the tax treatment of health insurance. Today, I wish to talk about the way Senator MCCAIN structures his proposal to change the tax treatment of health insurance. The reason I want to do this is because, as the senior Republican tax writer, it is my obligation to set the record straight.

For too many weeks, I have heard inaccurate statements made about McCain's proposal for a tax credit for health insurance proposals, and I have heard them from mostly Democrats. For example, my friend, the senior Senator from Illinois and the majority whip, was on the floor of this Chamber on Thursday, September 11, saying that ''Senator MCCAIN will tax Americans' health insurance.'' The very next day, the junior Senator from Ohio, in an exchange with the majority whip, also said that Senator MCCAIN ''wants to tax those health care policies that tens of millions of Americans have.'' The senior Senator from Delaware has also been saying Senator MCCAIN wants to tax people's health insurance—not here on the floor but on the campaign trail as the Democratic nominee for Vice President. He has also been saying that in television interviews. The junior Senator from Illinois consistently makes this explosive claim on the stump.

Well, using the words of my distinguished friend: Enough. Whether or not the tax credit for health insurance proposals taxes a worker's health insurance, the claims that have been made are half-baked, and this is the reason: The critics of the McCain plan fail to mention a key component of his proposal. That key component is that Senator MCCAIN would provide every American who purchases health insurance a tax credit.

It appears that the critics overlook—or maybe they just don't understand—that the tax credit provides a bigger tax benefit to people than they would receive under the current system. So people would be better off under the McCain plan. Don't the critics want to help lower and middle income workers better afford health insurance? Don't they want to help the uninsured? Senator MCCAIN is on the side of these Americans, while his critics are favoring the status quo.

Another false claim I have heard is that the tax credit proposal would ''deny the deduction employers can take when they pay for all or a portion of their employees' health insurance.'' Again, that is flat wrong. Even Senator OBAMA has said that employers will pay taxes on health insurance under the McCain plan.

In the recent Presidential debate, my friend from Illinois said:

Here's the only problem: Your employer now has to pay taxes on health care that you're getting from your employer.

I am taking the floor now to tell the junior Senator from Illinois and his Democratic colleagues, and especially the American people, that Senator OBAMA's description of his rival's proposal is inaccurate. Employers—and I emphasize this—will not pay taxes on the health insurance they offer to their workers.

I want to discuss how this issue is playing out in the media. Here is one instance. This past Sunday, on ABC ''This Week,'' Senator MCCAIN was interviewed. In the interview, Senator MCCAIN was asked about the accuracy of Senator OBAMA's claim that the McCain proposal for the tax credit for health insurance would ''tax health benefits for the first time by taking away the deduction that employers now get to provide health benefits.''

Here are the facts: The McCain plan does not—I repeat, does not—take away the employer deduction.

Employers will not pay taxes on health benefits. Businesses will continue to be able to deduct health care expenses as they do now, and they will continue to be able to provide health care, as they do now.

For employers, then, there will be no change. No change. Finally, and most importantly, Senator OBAMA's campaign has consistently stated that the McCain tax credit proposal would ''raise taxes on the middle class.''

The left-leaning think tanks, funded by the likes of George Soros and company, have been making that same claim. So again I say enough. The McCain tax credit for health care insurance proposal would not increase taxes on the middle class. To the contrary, the proposal would provide low- and middle-income workers with, get this, a tax cut. But do not take my word for it. I would like to have you listen to the Tax Policy Center, a nonpartisan think tank that has received notoriety for analyzing the tax plans of Senator MCCAIN and Senator OBAMA.

The Tax Policy Center illustrates that the McCain tax credit for health insurance produces a tax cut for workers. Len Burman, director of the Tax Policy Center, said, ''It is mostly a tax break,'' when he was interviewed by CBS News on September 15.

I ask unanimous consent to have the CBS News report printed in the RECORD.

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

(See Exhibit 1.)

Mr. GRASSLEY. The bottom line, the McCain tax credit for health insurance would not affect the employers' business deduction nor would employers pay taxes on health insurance. The proposal would not raise taxes on the middle class, rather it would provide a tax cut for the middle class.

Finally, while the proposal taxes workers' health insurance, Senator MCCAIN is providing the same workers with a tax credit, which is a bigger tax benefit than low- and middle-income workers receive under our current system.

I am going to slow down. Let me explain how health insurance is currently taxed. And the reason is because it is vitally important that my Senate colleagues and my friends in the media understand the current rules governing the taxation of health insurance. To be clear, there are very distinct tax rules that apply to, one, an individual purchasing their health insurance; two, an employer paying for all or a portion of its employees' health insurance; and, three, workers purchasing insurance through their employer.

Unfortunately, most people mix up these three different kinds of tax rules. For example, far too often I have heard people get the employee exclusion, which I will explain in a moment, confused with the employer business deduction. So I have a chart that lays it out. Employee exception and employer business deduction is not equal. Employee exclusion is for the worker; employer business deduction is for the employer.

The employee exclusion is there. Well, a worker purchasing health care through his or her employer does not pay income or payroll taxes on the cost of the health insurance policy.

In other words, the amount of health insurance coverage that is paid for by the employer is excludable from income. This means that the cost of the employer-provided health insurance is not taxable for income or payroll tax purposes.

In addition, the amount of the health insurance coverage that is paid for by the individual worker on their own behalf through a salary reduction arrangement reduces the worker's taxable income. This means that a worker has less income on which to pay income and payroll taxes.

As the chart says, the employee's exclusion is the tax benefit provided to the worker. Let's drill down on the employee exclusion for a moment. I want to explain how this tax benefit works.

Tax 101 teaches us that the tax benefit that you get from a tax exclusion, just like a tax deduction, is based on the tax bracket you are in. This means if you are in a high tax bracket, you receive a bigger tax benefit than someone in a lower tax bracket. So it is very regressive.

Here is a chart that illustrates how regressive the current employee exclusion of the cost of employer-provided health insurance really is.

So we have a new chart. Take a look at it. Here we assume that the average cost of a family's health insurance policy would be about $12,000. After all, the coverage that Members of Congress get costs around $12,000. So this ought to be a good number to use. As you can see, a worker in the 10-percent tax bracket would receive 1,200 dollars' worth of benefits. Compare this with a tax benefit that an upper income worker receives, and you find out it is $4,200 a year, a great amount of inequity.

We have to ask ourselves, is it fair that low- and middle-income workers receive a smaller tax benefit for health insurance than upper income workers receive?

Now, what is the employer business deduction? Here an employer paying for all or a portion of its employees' health insurance can deduct the amounts they pay as ordinary and necessary business expenses, no different than the employer can deduct wages. In essence, the Tax Code treats employer contributions for health benefits as compensation. This is consistent with how economists view employer contributions for health benefits. It is as simple as that.

It is important to note that the employer business deduction is a tax benefit provided to the employer. So we put the original chart back up. I did not want to leave out another very important tax benefit for health insurance, or should I say, the lack of a tax benefit. I am speaking about the fact that people who purchase their own health insurance generally do not receive a tax benefit under our current laws.

They could if they were self-employed, but I am talking about people not self-employed or not otherwise employed or employed where they do not have health insurance, and you want to buy it on your own. In this case, the individual purchases his or her own insurance with aftertax dollars out of their own pocket. These individuals are able to deduct medical expenses that exceed 7.5 percent of their adjusted gross income, but only if the individual itemizes their return. And exceeding the 7.5 percent of gross income to get an income tax deduction for health care and health insurance is not very common. That is why only about 6 percent of all tax returns claim the deduction above that 7.5 percent.

Let's now turn to how changing the current tax rules in the same manner, as contemplated by Senator MCCAIN, would affect people and would affect employers. I want to explain to my friends who are critics, and I have told you who those Senators are, and my friends in the media, how the McCain tax credit for health insurance would actually work.

We can quickly cross the impact any changes would have on employers off the list right away. The reason: As I have said two or three times, employers will not be affected, contrary to what several Senators have said criticizing the health insurance plan of Senator MCCAIN. Everyone needs to understand this key fact because the critics keep getting it wrong.

In other words, let me say for a fourth or fifth time: Employers will not be affected by how the McCain tax plan works.

Let's talk about individuals purchasing their own health insurance. As I mentioned, under the current tax laws, these people generally do not get a tax benefit. The McCain tax credit for health insurance proposal would give these people a meaningful tax benefit and do it for the very first time. The tax credit could be used by the individual to reduce the cost of their health insurance. In this case, the individual would not be required to spend as much of their own hard-earned money on health insurance as they do under the current system.

If the tax credit exceeds the pricetag of the individual's health insurance policy, the excess may be used for other health care expenses. You could use it like for copays or deductibles.

Now we get to the most important part. I am going to explain how workers will be affected by the McCain tax credit for health insurance. I would like all of my colleagues, whether you are Republican or Democrat, and particularly my friends in the media, to pay close attention because the senior Senator from Arizona has structured his tax credit for health insurance in a very unique way.

Let's get back to the basic. As I stated, health insurance that a worker purchases through his or her employer is not taxable to the worker. Again, this is referred to as the employee exclusion. The exclusion, however, has two parts. So we will look at a new chart.

No. 1, the worker does not pay income taxes on the cost of coverage; and, two, the worker does not pay payroll taxes on the cost of coverage. Very clear on the chart. The proposal advanced by my friend from Arizona would maintain the payroll tax exclusion. So let me repeat. The cost of health insurance a worker gets through their employer would not be taxed for payroll tax purposes. This goes for the employer as well.

That is why I have emphasized that the employers do not pay any taxes under the McCain plan. With regard to income taxes, Senator MCCAIN converts the current income tax exclusion into a tax credit. Let me say it another way. The McCain tax credit for health insurance proposals does not eliminate the income tax exclusion. Instead, the income tax exclusion is converted to a tax credit.

So here, let's go back to tax 101. As I discussed earlier, tax 101 teaches us that a tax exclusion, just like a tax deduction, is tied to your tax bracket. A tax credit, on the other hand, is not tied to your tax bracket. Rather, the tax credit reduces your tax liability dollar for dollar. This means that, by definition, a tax credit is more valuable to a lower-income taxpayer. So if you were to convert the income tax exclusion into a tax credit, you would effectively be increasing the tax benefits for low-income workers.

Depending on the dollar amount of the tax credit, this would also be true for middle-income workers as well. So this is what I am saying: I am saying the McCain tax credit for health insurance is effectively increasing the tax benefit for low- and middle-income workers. I am saying the McCain tax credit makes the tax treatment of health insurance more equitable because every worker is receiving the same tax benefit.

How can some of my friends on the other side oppose making the current tax treatment of health insurance more equitable? Do my friends not want to help out low- and middle-income workers? Let me show my colleagues and my friends in the media how the McCain tax credit for health insurance produces a tax cut.

Under the proposal, the health insurance a worker purchases through his or her employer would be taxed like compensation for income tax purposes. But, unlike compensation paid in the form of taxes, the proposal would not subject the cost of employer-provided health insurance to payroll taxes, as I have discussed. This means that amount of taxes a worker would be required to pay on the cost of their health insurance would only depend on the worker's income tax bracket.

Under the proposal, the worker would apply the tax credit against the new income tax liability that is generated from taxing the worker's health insurance.

In other words, the tax credit would offset any new income tax liability. As illustrated in this chart, because the new income tax liability would be less than the tax credit, the worker would actually receive a tax cut.

So let's take a closer look at the chart. We have several different brackets. Let's assume a family of four purchases a family health insurance policy of $12,000 through its employer. Under the proposal, this family would pay income taxes on a $12,000 policy. Let's assume this family would be in the 25-percent tax bracket. This family would pay $3,000 in additional income taxes. This new tax liability would be offset by a $5,000 tax credit for family health insurance. As a result, $2,000 would be left over. This means the family would receive a $2,000 tax cut. This is a tax cut that would be greater if a family purchased even less expensive coverage.

As we can see, the tax credit for health insurance produces a tax cut for all workers. The tax cut is progressive because workers in the 10-percent bracket are receiving almost five times the tax cuts for the workers in the 35-percent tax bracket.

You can see again, by looking at the chart, that a worker in the 10-percent tax bracket would receive a $3,800 tax cut, compared to the tax cut for an upper income worker in the 35-percent tax bracket of $800.

Like most campaign-related proposals, there are a number of questions of how the idea will impact people in the long run. As the senior Republican tax writer, I will ask these questions. If I determine that Congress needs to tweak the proposal here or there to improve it, I will recommend that we do so. But only time will tell whether we have to undertake such an exercise.

I hope my friends on the other side and those in the media have heard me. I hope they work on getting it right because it is clear, No. 1, that the McCain tax credit for health insurance produces a tax cut for workers; two, that the McCain tax credit for health insurance provides a tax benefit to people purchasing their own insurance and doing this for the very first time; and, three, that the proposal does not adversely impact employers in any way, shape, or form.

EXHIBIT 1

[From CBSNews.com]

THE TRUTH ABOUT MCCAIN AND INSURANCE TAXES

WASHINGTON, SEPTEMBER 15, 2008.—It's one of the most explosive and important political charges of the election: "He wants to tax your health benefits," Barack Obama said.

Obama's charge was that that John McCain wants to tax the health insurance benefits. Americans buy through employers, CBS News correspondent Wyatt Andrews reports.

"That's a $3.6 trillion tax potentially increase on middle class families," Obama said. "That will eventually leave tens of millions of you paying higher taxes."

John McCain wants a multi-trillion dollar tax on the middle class? Here are the facts.

Obama has the tax part correct, but the impact on the middle class is exaggerated—most people will see tax cuts.

McCain has proposed to end one of the largest tax breaks in the entire economy. Some 60 million Americans buy health insurance thru employers tax-free, and McCain would indeed begin to tax the value of the benefit.

However McCain also proposes to give the money back as a tax credit, $2,500 for individuals, $5,000 for families. "Let's give them a $5,000 refundable tax credit to go out and get the health insurance of their choice," McCain said. "It's mostly a tax break," said Len Burman of the Tax Policy Center.

The non-partisan Tax Policy Center says except for the very richest Americans, most people buying insurance will see a tax cut.

"Families at all income levels would pay lower taxes, at least on average," said Burman. "On average, is about a $1,200 tax cut in 2009."

On the issue of energy, meanwhile Gov Palin touts her energy expertise based on Alaska's production.

"My job has been to oversee nearly 20 percent of the U.S. domestic supply of oil and gas," she said.

Here are the facts: According to the Energy Department, Palin's numbers are high.

Alaska provides 14.3 percent of America's crude oil, and only 2.6 percent of its natural gas. You can check out the Energy Information Administration statistics here.

On the health care debate, the Obama campaign tells CBS News that one day, the middle class will be hit by a McCain tax increase—but the experts CBS News consulted said that day is 10 years away.

Mr. MENENDEZ. Mr. President, I rise in support of the Passenger Rail Improvement and Investment Act and the rail safety bill.

I thank Senator LAUTENBERG, the senior Senator from New Jersey, for being a tireless advocate for rail travel and for successfully shepherding these two essential bills to the floor and hopefully to final passage. In a time of high gas prices, rising air fares, increasing traffic congestion and concerns about greenhouse gas emissions, rail travel can give Americans a sensible alternative mode of travel.

Unfortunately, we have not provided rail travel the funding it needs to truly flourish. Every year since 2002 Amtrak has had to scrape by and continue operations on a yearly basis without adequate funds to maintain the rail system over the long haul. The system is at a breaking point. Amtrak's equipment is aging and no amount of maintenance can keep old equipment in service forever.

And our rail infrastructure is at the breaking point at a time when our citizens need this system the most. In July Amtrak had more passengers than in any month in its 37 year history. But Amtrak is not just a transportation system that serves 25 million people each year. Amtrak is also an economic engine that creates jobs, fights sprawl, and fosters economic activity. I know firsthand the benefits of Amtrak because over one hundred thousand New Jersey commuters depend on Amtrak's infrastructure every day.

Some critics want Amtrak to be the only major transportation system in the world that operates without government subsidy. This prompts a question. Do we ask roads to pay for themselves? Some of my colleagues like to think that gas taxes pay for roads, but this has never been the case. The Texas Department of Transportation recently revealed that not a single road in Texas has ever been fully paid for by a gas tax and most roads recoup less than half their costs from the gas tax.

Asking transportation to pay for itself is a standard that is simply impossible to meet and a standard we do not hold any other mode of transportation to. Over the last 35 years we have spent less money on Amtrak than we will on highways in this year alone. When you factor in State and local subsidies for infrastructure and parking some studies suggest that up to 8 percent of our gross national product is spent on subsidies for automobile use.

This bill will not give all the funds I think Amtrak deserves or needs to meet its full potential, but I think this legislation finally authorizes the funding Amtrak needs over the next 6 years to plan ahead, adequately fund its operations and finance some critical capital improvements. But these funds are not free.

The bill requires Amtrak to tighten its belt while simultaneously improving service. The bill requires reforms that will reduce Amtrak's operating costs by 40 percent. In addition, the bill provides funds for States to provide new passenger rail service between cities. In some instances these State operations will likely provide service that complements existing Amtrak service just as the recent light rail projects in New Jersey have done. But in other cases these funds may actually create competition for Amtrak for service between some cities. And this bill will also require Amtrak to use its resources to provide a new level of service that improves on-time performance, upgrades on-board services, and provides easier access to other transportation systems.

The Amtrak bill has also been combined with critical rail safety legislation that would strengthen our railroad security apparatus by investing $1.6 billion in critical transportation safety initiatives.

Tragically, we learned just over 2 weeks ago how important railroad safety is when a Metrolink commuter train plowed head-on into a Union Pacific freight locomotive just outside of Los Angeles. Twenty-five people lost their lives and over 135 people were injured in the deadliest train crash this nation has seen in 15 years.

Every one of those 25 Americans woke up and got ready for work that Friday morning just like any other day. Mothers and fathers kissed their children goodbye after breakfast, never assuming this would be the last time they would see their loved ones. Weekend plans were made—but were never fulfilled. That fateful Friday morning not only ended the lives of these 25 Americans, but took away 25 mothers and fathers, sons and daughters, brothers and sisters from family members who will never be the same.

When people board a train in the morning on their way to work, they deserve to have peace of mind that they will reach their destination safely. This legislation would take significant steps to give the American people this peace of mind. It ensures that railroad officials have the resources and tools to do their job safely and effectively by implementing training standards for all safety-related railroad employees and requiring train conductors be certified that they are up to speed with the newest systems in place.

The bill also reforms hours-of-service requirements for crews and signal employees so that these critical workers are at their sharpest and most alert while on duty. In addition to these measures designed to reduce human error, we must also address the shortcomings in our rail infrastructure. Crumbling tracks, deteriorating bridges, and failing signals create an environment where it is only a matter of time before the next rail disaster strikes. This legislation fills many of these gaps by authorizing millions of dollars for critical improvements to infrastructure and safety features to make our rail network as safe as possible.

This bill also ensures that safety rules are strictly adhered to by strengthening the Federal Railroad Administration's enforcement tools and increasing the penalties for safety violations.

It is important to remember that our railroad network is not just critical to commerce and transportation but to national security as well. When the terrorist attacks on September 11 crippled our aviation sector, our Nation relied heavily on trains to make up the shortfall. This illustrates just how important a safe, efficient, well-operated rail transportation network is to all aspects of our nation's well-being—from commercial and economic capacity to national security.

With record high gasoline prices, congested highways and airports that are experiencing record delays, we need all of the alternative forms of transportation we can provide to the frustrated American traveler. I urge my colleagues to recognize that a strong, well-funded and safe rail system is essential to our country. Please join me in voting for this critical bill.

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

The PRESIDING OFFICER (Mr. MENENDEZ). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SALAZAR. I ask unanimous consent that the order for the quorum call be rescinded.

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

YUCCA MOUNTAIN RADIATION STANDARD

Mr. REID. Mr. President, today President Bush took time away from dealing with the Nation's economic crisis to direct his Environmental Protection Agency, EPA, to release a new standard for 'acceptable' public radiation exposure from the Yucca Mountain nuclear waste dump. In other words, the agency decided just how much radiation you and I can live with. Let me be clear, there is no way this weak standard will breathe life into the Bush-McCain plan to dump nuclear waste in Nevada. Instead, it will breath life into more litigation against this terrible project.

The EPA has collaborated with the Department of Energy, DOE, to tweak a standard that a Federal court of appeals threw out in 2001 because it failed to comply with the Energy Policy Act of 1992 and would have left Nevadans dangerously unprotected against radioactive contamination. If the repository at Yucca Mountain was ever actually built, the DOE does not deny that water infiltration would eventually corrode nuclear waste packages and radioactivity will inevitably leak into Nevada's ground water. Instead of working to protect Nevadans from a public health catastrophe, this scandal-ridden EPA has chosen to simply make the rules more lenient so DOE can legally dump waste less than 100 miles outside of Las Vegas. This is unacceptable.

Instead of working to protect the health and safety of Nevadans, EPA and DOE are casting science aside in an attempt to get the nuclear waste dump approved. Instead of warring against science, I side with Nevadans and experts who support safe and attainable solutions to our Nation's nuclear waste. That is why I am working with Senator ENSIGN to keep nuclear waste on-site at the powerplants where it is produced in secure dry cask storage containers that are approved by the Nuclear Regulatory Commission. This plan is safer, more cost effective, and will give us at least a century to find a more permanent solution to nuclear waste.

RULE XLIV COMPLIANCE

Mr. BINGAMAN. Mr. President, there are over 150 public land bills on the Senate calendar that have been reported from the Committee on Energy and Natural Resources during the 110th Congress, for which we have not been able to get unanimous consent to take up and pass. In an effort to try to facilitate their consideration by the Senate in the limited time remaining in this session, I have assembled them into a single amendment, SA 5662, to the Monongahela National Forest Wilderness Bill, H.R. 5151. I filed the amendment last Friday, September 26, and it has been printed in the RECORD at S9731–S9840.

Paragraph 4 of rule XLIV of the Standing Rules of the Senate provides that

> If during consideration of a bill, . . . a Senator proposes an amendment containing a congressionally directed spending item . . . , which was not included in the bill . . . as placed on the calendar or as reported by any committee . . . , then as soon as practicable, the Senator shall ensure that a list of such items . . . is printed in the CONGRESSIONAL RECORD.

The term ''congressionally directed spending item'' is broadly defined to include

> a provision . . . included primarily at the request of a Senator . . . authorizing . . . a specific amount of discretionary budget authority . . . for . . . expenditure with or to an entity, or targeted to a specific State, locality or Congressional district, other than through a statutory or administrative formula-driven or competitive award process.

Although no Senator has specifically requested me to include a congressionally directed spending item in SA 5662, in the interest of furthering the transparency and accountability of the legislative process, I have posted a list of the specific authorizations in SA 5662 on the Web site of the Committee on Energy and Natural Resources. The list includes the name of the principal sponsors of the Senate bills that have been incorporated in the amendment.

In the hope that the Senate might yet be able to consider this important amendment before we adjourn, I ask unanimous consent that the list be printed in the RECORD in accordance with rule XVIV.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S.A. 5662—THE OMNIBUS PUBLIC LAND MANAGEMENT ACT OF 2008 TO H.R. 5151 THE WILD MONONGAHELA WILDERNESS ACT

Provisions in Senate Amendment 5662 authorizing appropriations in a specific amount