

vote on this kind of economic aid. The question I would supplement is—Who is next? Bear Stearns was given economic aid, Lehman Brothers was not, and perhaps that was a mistake—perhaps not. AIG was given considerable economic aid. Fannie Mae and Freddie Mac were given considerable economic aid. If we are to make an intelligent decision, we are going to have to take a look at these important questions.

EXHIBIT 1

UNITED STATES SENATE,

Washington, DC, September 21, 2008.

Senator HARRY REID,
Majority Leader, U.S. Senate,
Washington, DC.

Senator MITCH MCCONNELL,
Minority Leader, U.S. Senate,
Washington, DC.

DEAR HARRY AND MITCH: As you project the Senate's schedule, I urge that we not rush to judgment and take whatever time is necessary on any proposed legislation to deal with the nation's economic problems. The public, our constituents, have a great deal of skepticism, which I share, about legislation which will let Wall Street "off the hook" and pay insufficient attention to Main Street, middle class Americans.

It is important to focus the legislation on the hundreds of thousands of homeowners who are at risk of losing their residences to foreclosure.

In deciding what additional powers to give to the federal regulators, I believe we should give careful consideration to not extending those powers beyond the current crisis and take steps to prevent a recurrence.

I have read reports that some Wall Street firms, whose conduct has created the crisis, will benefit from a congressional legislative fix. We should do our utmost to see to it that those responsible for the crisis bear the maximum financial burden on any bailout in order to minimize the taxpayers' exposure.

There are reports that the bailout might be extended to foreign firms with United States affiliates. In my view, the legislation must be carefully tailored for United States' interests and if foreign firms, even if United States affiliates are to be involved, then consideration should given to appropriate contributions from those foreign governments.

I realize there is considerable pressure for the Congress to adjourn by the end of next week, but I think we must take the necessary time to conduct hearings, analyze the Administration's proposed legislation, and demonstrate to the American people that any response is thoughtful, thoroughly considered and appropriate.

Sincerely,

ARLEN SPECTER.

(The remarks of Mr. SPECTER pertaining to the introduction of S. 3686 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. The Senator from Maryland is recognized.

(The remarks of Ms. MIKULSKI and Mr. BOND pertaining to the introduction of S. 3684 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. BOND. 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. NELSON of Florida. 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. NELSON of Florida. Mr. President, as I understand it, we are in morning business?

The PRESIDING OFFICER. The Senator is correct.

Mr. NELSON of Florida. Mr. President, I would like to be recognized.

The PRESIDING OFFICER. The Senator from Florida is recognized.

FEDERAL LOAN TO THE AMERICAN AUTOMOBILE INDUSTRY

Mr. NELSON of Florida. Mr. President, later this week the Senate is going to consider this question that befalls our American automobile industry and the question of whether to extend assistance to the American automobile industry and its workforce. What we are going to do—either this week or whether it is postponed into January—is going to determine the future of a key manufacturing sector and millions of American jobs.

Some of our colleagues have said we should not interfere with the free market, that we should allow businesses that have acted irresponsibly to fail and to be replaced by more efficient competitors. I must say I have some sympathy for that view. For too long, our U.S. domestic automakers have sailed against the winds of change and have failed to produce vehicles for the 21st century—for that matter, for the last half of the 20th century.

This is not the first time this Senator from Florida has faced this issue, for, as a young Congressman years ago, we had a similar issue facing us with the bailout of the Chrysler Corporation. I voted for that bailout, which included some \$4 billion. In retrospect, that was the right decision because Chrysler did reinvent itself. But the circumstances were different because Chrysler had at its helm a man who we believed would go in and reform Chrysler, and that was Lee Iacocca. As I look across the landscape of the American automobile industry, I am wondering, where are the Lee Iacoccas? We do not see them.

It is this Senator's judgment that there should be no bailout of the American automobile industry. There should not be a reward for poor management. But because of the American jobs at risk, because of American manufacturing at risk, I support a Federal loan with serious restrictions.

I want to discuss some of those restrictions. I come to this position having fought tooth and nail against the automobile companies when they dragged their feet on implementing responsible fuel economy standards. They insisted, sometimes with crocodile tears, they could not meet those miles-per-gallon requirements, and: Oh, by the way, let the consumers decide. Those automobile makers are now coming to us asking for our assistance.

But that is not the full picture. As the President-elect has said, a failure of the American auto industry would be disastrous not just for many Americans who work for the industry but for the entire economy because those jobs ripple with the multiplier effect through the economy. So whether you are considering assembly plants or suppliers or dealerships, we would face significant layoffs in all 50 States. It would push us further and further into an economic hole. We simply cannot let that happen, but we cannot allow a bailout. It has to be a Federal loan with a workout, and that is a financial term to restructure how a company can get out of its economic problems. We need to bring all of the stakeholders to the table—management, labor, lenders, suppliers—to figure out how to revitalize the American auto industry to make it competitive in the future while saving those good American jobs.

So this Senator's conclusion is that any Federal assistance we provide for the American auto industry is going to have to include these conditions.

First, we must insist that the automakers increase average miles per gallon to 40 miles per gallon in 10 years and to 50 miles per gallon by 2020. Why do I say this? There are cars, fleets in Japan, that are already driving at 50 miles per gallon. In Europe, the cars are being driven at 40 miles per gallon. We are talking about 12 years in the future to achieve this. Technically, it can be done if we but have the will.

Look, in the 8 years this Senator has been in the Senate, every year we have gotten beaten by the U.S. automakers as we have tried to increase the miles per gallon in the fleet average. They beat us one way or another, and they would always say: Let the consumer decide—all along while the foreign automobile makers were getting prepared to eat their lunch. As their lunch was being eaten, year by year, they continued to still fight us on the miles-per-gallon standards. Finally, we had a little victory, just a year ago, that was conditioned upon giving them—giving them—\$25 billion in return for them agreeing they would move to 35 miles per gallon but not until the year 2020. We have to stop this kind of foot-dragging that has gotten them to the place they are now. So for any Federal assistance in the form of a loan we must insist they increase their miles per gallon.

Second, the automakers must increase the production of flex-fuel, electric, and plug-in hybrid vehicles. Prices of gasoline at the pump have obviously fallen in recent weeks, but they are not going to stay low forever, and that is another whole subject. As soon as all the speculators start getting back into the oil futures contracts market again—which have been deregulated, so there is no regulation on the speculators—they will run the price right back up. Remember, the price of a barrel of oil is down in the range of \$50 or

\$60 now. It went all the way to \$147 a barrel. When the world economy started getting into trouble and they needed cash, they started bailing out of those futures accounts, so that brought the price of a barrel of oil down. While sure as shootin', if we do not impose some regulations on the commodity futures trading market, those speculators are going to take over in the future, the price of oil is going to go back up, and the price at the pump—which I just filled up my car for \$2.12 a gallon back in Orlando, FL—is going to go back up.

We need to end our dangerous addiction to oil, and we need to find new and renewable sources of energy. American automobile makers ought to be leading the way instead of the opposite of what has happened over the last three decades.

Third, we must place limits on executive compensation and eliminate the executives' golden parachutes. Taxpayer money should not be used to reward individual executives until the taxpayers have been repaid.

Let me divert from the automobile industry for a minute. There is a similarity about executive compensation and golden parachutes and what we have done with the big economic bailout of Wall Street, which this Senator voted against. Well, lo and behold, over the course of the weekend, I happened to be talking to a major bank CEO. This banker told me his bank is in good shape; he doesn't need any of the bailout money. But because some of his competitors are in bad financial shape and need the money and are taking it from the Secretary of the Treasury, he needs to take it, too, because they would be at a competitive disadvantage against the ones that are hurting that need to take the money. He says: We don't want to take it, but we don't want to be at a competitive disadvantage. Because of that, whenever they do take it—remember, there are supposed to be some rules in there on executive compensation and golden parachutes. This CEO is retiring before the money comes in, so the bank still pays out the huge compensation. What we are dealing with, with the Wall Street \$700 billion bailout, has to apply to automakers as well. We should not reward those executives until the taxpayers have been repaid.

Fourth, the automakers should not pay dividends to shareholders until they have returned to financial health. It is a simple, straightforward condition on us giving them taxpayer money in order to get them back to financial health.

Fifth, I wish I didn't have to say this, but there are no Lee Iacoccas now. The current senior management should be replaced. We need new leadership. We need fresh thinking. We need new people, new eyes, new ears to steer us out of this mess. We cannot reward those leaders whose poor decisions and poor judgment and sometimes selfishness got us to where we are now.

We are going to face difficult choices. There are going to be tough times.

Again, to quote a phrase from the President-elect: We need to act with all deliberate haste but with an emphasis on deliberate. We cannot simply provide our automakers with enough cash to continue their current operations for another 3 months or even another 6. We must instead put them on a path that leads to global competitiveness.

I yield the floor, and 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. DORGAN. 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. DORGAN. Mr. President, I ask unanimous consent to speak for 20 minutes as in morning business.

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

FINANCIAL CRISIS

Mr. DORGAN. Mr. President, I think it is obvious to all Americans that we face a very severe and difficult financial crisis. We have had an election. The American people have voted for change. We now face significant challenges. I was thinking, as I was walking over to the floor of the Senate, about a visit I had recently at a nursing home in North Dakota.

This financial crisis is probably the most significant financial crisis since the Great Depression. We don't know where this will go. We don't know how many will ultimately be unemployed. We don't know how long it will last. This is a recession. We hope it is not extraordinarily deep. We hope we can find the menu to overcome it and the kinds of policies to try to make certain we move from this position to a position of economic strength and economic growth, once again.

But I went to a nursing home in North Dakota because North Dakota's oldest citizen was there. She had a birthday. She is a 110-year-old woman; very lucid, very conversational. We talked about the Great Depression, as a matter of fact. We talked about the tough times in her life. She was born in 1898. By the way, her niece was there at the nursing home who had put on a birthday party for her in August. Her niece is 103 years old and her son, who is still farming, is 80 years old.

I had a chance to talk to them all about what life was like from 1898 to 2008. One of the significant things she remembered was the difficulty of the Great Depression in the 1930s, when it was hard to find jobs and people had soup lines in the major cities and people were struggling to try to make ends meet.

Well, I think a lot of folks from the 1930s forward felt we would never again see these days because we put in place economic stabilizers and we put in place provisions in law that prohibited

the kind of activities in the roaring 1920s that led us to the 1930s and the excess, the unbelievable debt, the greed that resulted in the economic collapse of the 1930s. So we put in place things such as the Glass-Steagall Act and other provisions that prevented banks from being engaged in real estate and securities and things that were inherently risky that caused major problems and collapse in the 1930s.

It is easy to forget lessons. The Congress over the years, Presidents over the years, and certainly the financial services industry moved ahead. I harken back to 1999, when something called the Financial Modernization Act was passed by the Congress. I said then it was a terrible thing to have done. It stripped apart the Glass-Steagall Act and essentially said you can create big bank holding companies, you can put firewalls in, you can merge real estate and securities with banking; it will all be fine. That was in 1999.

In fact, here is what I said during that debate on the floor of the Senate: I say, to 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. Don't do it through deposits that are guaranteed by the American people.

When we passed the Financial Modernization Act—and I was one of eight Senators to vote no, I said this during debate: The bill will, in my judgment, raise the likelihood of future massive taxpayer bailouts. It will fuel the consolidation and mergers in the banking and financial services industry at the expense of customers, farm businesses, and others.

I regret I was right. Massive taxpayer bailouts. It didn't take quite a decade. It took 9 years. Now we see the largest proposed bailouts in the history of our country.

It was a time of self-regulation. Alan Greenspan, the head of the Federal Reserve Board, said the financial services industry will regulate itself. Well, not quite. Here is what Alan Greenspan said last month:

I made a mistake in presuming that self-interests of organizations, specifically banks and others, were best capable of protecting their own shareholders and their equity in the firms.

What an unbelievable mistake. Regulators that were willfully blind saying: You know what. We will pass the Financial Modernization Act allowing real estate, securities, and banking to come back together, forgetting the lessons of the Great Depression. Then, those who were hired to regulate decided self-regulation will work. We don't have to regulate. We will be willfully blind. So what happened? Well, the subprime loan scandal happened. The subprime loan scandal, of course, is at the root of this because it is most evident of the greed that exists in our economy in recent years. It resulted in bad mortgages spread all around this country and around the world. They were put into securities and sold up