

words, bankruptcy would likely lead to the end of the auto industry. If they were to go into chapter 11, debtor in possession financing is required to get out of chapter 11, but with the credit markets frozen, where would they get that money? That is what we are talking about today.

The collapse of the auto industry would not be without cost to the taxpayers. The loss of hundreds of thousands—if not millions—of jobs would severely strain our social safety net, as taxpayer funds would have to be used for unemployment benefits, health care, and other necessary social services.

For these reasons, I decided I would not turn my back on families, small businesses, and communities in Missouri and across the Nation, but I would also not turn my back on taxpayers and simply throw money after the problem. Facing an economic crisis that is only going to get worse, I believe—I have believed, as I do now—action is necessary. This is why I worked to craft a bipartisan bill with my colleagues: Senators LEVIN, VOINOVICH, STABENOW, BROWN, SPECTER, and CASEY. This bipartisan bill, called the Auto Industry Emergency Bridge Loan Act, would provide temporary emergency assistance to the auto industry but hold the companies accountable by requiring specific plans with real and significant cost-control measures and cuts. Specifically, the Levin-Bond bill includes three key principles. First, the bill must have strong taxpayer protection. This means taxpayers will be repaid for the emergency assistance, and taxpayers would share in the turnaround profits of participating automakers. Second, the bill includes executive accountability so that failed executives will not be rewarded for poor management. Third, and most important, the bill includes significant financial reform so that recipients of taxpayer funds must demonstrate they have a plan to ensure long-term competitiveness, health, and profitability by bringing their costs under control.

This bill would require all stakeholders—including management, labor, creditors, and shareholders—to make sacrifices. The companies must take real restructuring reform measures that address unproductive and duplicative lines and legacy costs that are burdensome. Our original bill said we must have the Secretary of Commerce make that decision because that is not a decision we in this body can sit down and make with stacks of plans in front of us. We want experts in the Department of Commerce and those they bring in from the outside to determine whether these plans are workable, whether they meet the criteria. One of the ideas that has been floated is to have a car czar to bring together interested stakeholders, including management, unions, and creditors, to negotiate long-term financial viability plans for participating auto manufacturers and component suppliers, or we

need an oversight board to oversee the use of emergency loan funds and implementation of any completed financial viability plans to make sure the fundamental reforms are made. If there is a czar to be appointed, I strongly suggest and I am sure the current administration would consult closely with the Obama transition team to make sure they had somebody who was mutually acceptable who would work in the Commerce Department with the resources there to advise the Secretary, the President, and the President-elect that these plans are, in fact, viable.

It is important to note that the plan we understand is being discussed—and our bill—does not provide any new taxpayer funds. Instead, it uses previously appropriated funds to provide the emergency bridge loans under the program. These funds are then to be repaid to that fund to be used for the original clean car retooling program. Similarly, using these new funds will not be allowed to change any of the clean car efficiency requirements originally imposed on automakers.

It is encouraging for me and my colleagues to hear in the media that many of the people working on it—the leadership—have stated publicly their support for the general approach and principles outlined in the Levin-Bond bill. While the news has been generally encouraging, we have not seen any details of the bill being developed by the Democratic leadership. I have been unable to find out from the White House if they have seen the details or the wording. It is absolutely important, to secure the votes to pass this bill in the Senate, that it contain these key principles: taxpayer protection, executive accountability, and a viable long-term plan specifically laid out so that we know where they are going. Without that, I do not believe the Senate can or should pass that bill. There must be strong powers to ensure that restructuring measures will be enforced. The czar should be appointed, if we get one, by the administration, in cooperation with the President-elect. Providing even a short-term bridge loan without a real enforceable plan is not a responsible approach. Funds must be conditioned on a strong restructuring strategy so that the taxpayers have confidence that it is a bridge loan to somewhere that will lead to long-term financial viability, competitiveness, health, and profitability.

TARP

Mr. BOND. Before closing, I offer a few comments on the TARP program. Since enactment of the Emergency Economic Stabilization Act in early October, the Treasury Department has spent almost all of its initial \$350 billion under TARP to recapitalize several banks and financial institutions. It has been reported that the Treasury Secretary may request the remaining \$350 billion as early as this week. Under the law, the President must sub-

mit a written request that details the Treasury Secretary's plan to use the additional funds, and Congress has 15 days to enact a disapproval resolution. However, given the track record of the Treasury's use of the initial \$350 billion of TARP funds, it is difficult for many of us to feel confident that the Department will spend additional funds in an effective and efficient manner. The administration is going to have to demonstrate that it has addressed a number of very serious implementation issues. As a Senator from the Show Me State, I expect to see them.

Some of these issues are related to the management and oversight of the funds as reported last week by the U.S. Government Accountability Office, the GAO. In its report, the GAO uncovered a number of management and oversight deficiencies that raise serious questions about the program's integrity, accountability, transparency, and effectiveness. Frankly, the GAO's findings were very troubling. The GAO pointed to the Treasury Department's inadequate staffing, failure to establish a mechanism to track billions in taxpayer funds provided to the banks, and failure to establish a system on how it would monitor compliance with executive compensation limitations required by the legislation. In other words, it appears the Treasury is unable to tell taxpayers how their funds are being spent and whether the money is being spent in a reasonable and effective manner. I don't think that is acceptable.

The GAO also uncovered other troubling findings, such as Treasury's lack of action to address the foreclosure crisis. As we all know, the housing foreclosure crisis is at the center of the financial credit crisis. In recognition of this, the EESA included specific language for the Secretary to address the housing crisis. Unfortunately, Treasury has not taken sufficient action as communities and families across the country continue to be devastated by foreclosures. Loan modification efforts are failing, as evidenced by the Treasury Office of Comptroller—the OCC—data released this morning. According to the OCC, about 36 percent of borrowers were more than 30 days past due on loan payments 3 months after their loan was modified and nearly 53 percent were more than 30 days late after 6 months. What is going on here?

These findings raise significant questions, if not doubts, about both private and Government loan modification efforts, including those through the Department's so-called HOPE NOW Program. As I previously warned, the administration's and Congress's push to use the Federal Housing Administration to prevent foreclosures by refinancing subprime and troubled loans may end up costing taxpayers a lot of money in the near future. Rescuing the FHA through taxpayer funds is not surprising to those who have watched the FHA closely and know they have longstanding management and oversight

problems and lack of resources. Clearly, a more aggressive, comprehensive, and smarter approach to the foreclosure crisis must be taken if we are to recover from the recession.

The housing crisis has now spread from subprime mortgages to prime mortgages as economic factors impact borrowers' ability to pay their mortgages. Due to expansion of the mortgage crisis, it is critical that we find measures to protect and create jobs. The importance of jobs and its impact on the housing crisis further raises the importance of devising a responsible rescue package for the auto industry since millions of jobs are at risk—over 3 million jobs in the Nation, 220,000 jobs in Missouri.

TARP has also disappointed me by the ad hoc implementation of the program. Prior to the creation of TARP, the Department seemed to be improvising on a daily basis its intervention with financial markets. One of our intents in creating TARP was to provide a structure and coherency to the Government's approach to the financial crisis. That we have not seen. Before this and the next administration submit a request for the remaining TARP funds, we expect to have answers to the questions and issues raised by the GAO and others. The Government needs to provide more certainty on how it will address the financial and economic crisis and provide answers to taxpayers on how it has spent taxpayers funds already provided.

These are very serious times. I want to see action by this Congress. I want to see us move quickly. But I also want to see action by the auto industry to advise the czar or the Secretary of Commerce, and I want to see action by the Treasury to give us a better idea of how TARP funds are being used, how they will be accounted for, how they are going to be implemented, and how they are going to be used. If they don't have an approach, I will come forward with a suggestion on how we restructure those home loans that are in crisis.

I ask unanimous consent that Senator BROWNBACK be added as a cosponsor to S. 3715, the Auto Industry Emergency Bridge Loan Act.

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

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

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

The legislative clerk proceeded to call the roll.

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

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

Mr. SPECTER. Mr. President, I arrived at the same time as the distinguished Senator from North Dakota, and I ask unanimous consent that he be recognized following my brief presentation.

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

ECONOMIC AID TO AUTO INDUSTRY

Mr. SPECTER. Mr. President, I have sought recognition to discuss the issue as to what Congress should do, if anything, with respect to economic aid to General Motors, Ford, and Chrysler. This is an issue which has been very much in the news, with the prospect that one or more of these companies might not survive—probably would not survive—in the absence of some aid from the U.S. Government.

Last Tuesday, I convened a meeting in Philadelphia attended by key executives from each of the Big Three, labor leaders, the head of the Pennsylvania AFL-CIO, the head of the Pennsylvania United Auto Workers Community Action Program, and the head of the Philadelphia Labor Council. Also in attendance were dealers, suppliers, and economists to review the situation, to get a background, to understand it better, to provide for the consideration this week of the issue which will be before the Senate.

At that meeting, the Big Three painted a very gloomy picture. Ford was in the best position of the three, having arranged credit some time ago, and they had a request pending for some \$9 billion in standby aid. They were not asking for it, but only want it available in case their situation came to the point where they actively needed it in order to survive. The CEO of Ford said that if the \$9 billion was requested and received, he would then serve for a dollar a year.

The projections from General Motors and Chrysler were considerably gloomier than Ford, with the statements made that if they did not get aid by the end of the year, they might have to go into bankruptcy, or to Chapter 11 bankruptcy proceedings. The suppliers were very concerned about the impact on their situation. The auto dealers were similarly concerned. Labor is very worried about the loss of jobs. So it was a very gloomy meeting overall.

On Thursday, I convened a meeting in the Lehigh Valley. We did not have representatives of the Big Three, but we did have labor locally, dealers, bankers, economists who evaluated that situation. I joined with Senators LEVIN, STABENOW, BOND, VOINOVICH, and BROWN on November 20 in endorsing legislation to assist the Big Three, to say that it is something I would be willing to consider in light of the projected difficulties and the ripple effect it could have on the economy.

My statement in the news conference which we held and a statement on the Senate floor was that my view was limited to consideration of such economic aid conditioned on the Big Three having plans to move forward which would present the realistic likelihood that they would be able to succeed. Considerable

attention was given in the meetings which I held last week in Pennsylvania to the alternative of bankruptcy, and there have been many who have said bankruptcy would be the appropriate course as bankruptcy proceedings were held with the steel industry and the airlines, and that was the way to resolve the issue if the Big Three could not survive. One point which all of the Big Three agreed upon was that if one failed, they were all going to fail.

The considerations with respect to bankruptcy which were considered at the two meetings I held were the contention that bankruptcy would be unacceptable to have the survival or having the Big Three come out of bankruptcy because of the difference between the automobile manufacturer situation contrasted with the steel industry or with the airlines. When buyers are looking for a car or looking for a warranty, they expect the companies to be in existence for protracted periods of time, so that the argument was made that Chapter 11 proceedings or bankruptcy generally would not be acceptable.

I commented at these meetings, as I did on the Senate floor and in the news conference which the six Senators had on November 20, that the public sentiment is very much opposed to bailouts. After the \$700 billion legislation was passed on October 3, I traveled the State of Pennsylvania and had town meetings. I found the temperature of my constituents was at the boiling point, 212 Fahrenheit, and, in fact, the thermometers were broken. I commented to the town meeting attendees that the vote which was taken in the Senate was a strong vote—74 to 25—which was a very strong vote, because of the potentially catastrophic consequences of what would happen to the economy. We didn't like the bailout of Bear Stearns or the bailout of AIG, and Lehman Brothers was not bailed out, and there were major regulatory problems which would be addressed by the Congress. Those who had made false representations on the balance sheets saying that the companies were worth falsified figures, knowing them to be false—that is fraud—and there were investigations, criminal investigations underway, and that as in the Enron situation, people could go to jail for making those false representations. But I make that comment because of the public view which is opposed to the so-called bailouts; that it ought not to be the Government which picks winners and losers, but it ought to be the market which picks winners and losers. I repeat what I have said in prior floor statements which is that the Big Three have a very steep burden of proof and that the Big Three will have to come up with a plan which is reasonably and realistically calculated to succeed. We are now talking about various oversight provisions, talking about limited compensation, golden parachute plans which will make the Big Three competitive in a very difficult market, and