A lot of tough negotiations have gone on. This is a tough bill on accountability, it is tough on oversight. It is much tougher than anything that anyone on Wall Street has been asked to do, that is for sure. At the same time, it recognizes that we are in a global credit crisis and that the ability for them to borrow—to get a loan for a short period of time—is essential if we are going to have American manufacturing.

Mr. President, I hope we are going to come together. I know the House intends to vote, and we will be coming together to vote on this issue. I hope we will see a resoundingly bipartisan ''yes'' for a commitment to the middle class of this country to advance manufacturing for the future and that we will make sure people's feet are kept to the fire, that the right things are done, but that we will not give up on the middle class of this country. We are not going to give up on 2½ to 3 million people who are watching everything we are doing now to determine whether they have a future for their families that will give them a living wage and allow them to continue to be a part of this great American dream. I hope we are going to come together. I am optimistic that we will come together in the next couple of days and say yes and allow a whole lot of people to have a holiday season, a Christmas, that will allow them to know they have a future.

Mr. President, I yield the floor, and 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. 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 President, I ask unanimous consent that the order for the quorum call be rescinded.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 in morning business.

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

THE ECONOMY

Mr. DORGAN. Mr. President, all of us in this country are nervous and very worried about the American economy. This is an economic engine that has been the wonder of the world. It has provided so much good for so many people, expanding opportunities for jobs and careers, and for people to own homes. This is an extraordinary place, this place called the United States. We have been through tough times and good times, and this turns out to be one of those pretty difficult times for our economy. This ship of state has sort of stopped in the water, the engine isn't working very well, and we have a lot of trouble.

Since the first of this year, nearly 2 million people have lost their jobs. That sounds like just a statistic, but in a home where one spouse had to tell the other that they had lost their job, that is a disaster. So almost 2 million people have lost their jobs, and the question is, How many more will lose their jobs before we find a way to provide a foundation for building this economy back to an economy of strength and opportunity once again?

We are discussing here in the Senate and in the Congress a proposed $15 billion bridge loan for the automobile industry. My colleagues have been speaking about that, and there are a lot of jobs at stake, so there is a lot of passion on both sides of this issue. It appears to me that there are somewhere around 3 to 4 million jobs at stake with the automobile industry. I think the question is, at this precarious moment, teetering on the edge of a cliff with this economy, what would it mean if somehow we decide whatever happens will happen and we will let it happen, watch it happen, but we won't take action? What would it mean if a couple of million American people lost their jobs on top of what we have just seen? So I don't think the prospect is for us to sit around and be observers. We have to be active. We have to be involved, and we have to try to find ways to provide confidence that there will be an economic recovery.

Now, I am concerned about this recession, which is very deep. It is devastating to American families who have lost a substantial part of their assets and their 401(k)s and their retirement accounts. It is devastating to those who have lost their jobs. But I am concerned about something else as well: I am concerned about a government and a constitution that somehow seems to have invented a completely separate approach to governing. And let me describe what I mean. I am perfectly understanding of those that need to take and want to take emergency action to try to provide opportunities for the recovery of this economy. I understand that. I have studied economics. I taught economics briefly. I understand, having studied what happened in the Great Depression, the need to take aggressive action. But no one, in my judgment, has ever suggested that the need to take aggressive action should somehow obliterate the requirement for oversight and for accountability. But that is exactly what I think is happening today with an extraordinary kind of government outside of the regular process that we understand government to adopt based on our Constitution.

Let me describe what I mean and my concern about it. As I look at what has happened with bailout funds, rescue funds, all kinds of emergency actions, there is about $8.5 trillion in taxpayer funds that has now been put at risk. I am not talking billions, I am not talking about millions or thousands, I am talking about $8.5 trillion of taxpayer funds that appears to me to have been placed at risk. In almost all cases, this was done without the consent of the Congress, outside of any vote that occurred here in the Congress.

Now, I am not suggesting that the emergency powers, for example, at the Federal Reserve Board that Chairman Bernanke is using—should not have been a significant part of this effort to try to create emergency measures to address the economic trouble we face. I am not suggesting that at all. What I am saying is this: We have people huddled in rooms around here for days and days and days talking about what kinds of conditions should you put on the proposal of $15 billion that would be a bridge loan for the automobile industry, what kinds of tough conditions should they be, spell them out, make sure they are there. Well, guess what. With almost all of the Wall Street bailout money, there are no conditions, no real accountability that I am aware of.

Nobody was sitting in a room saying: You know what, let's establish tough conditions when we open the Fed's window for the first time in history for the investment banks to come and get direct lending from the Federal Reserve Board. I didn't see any conditions attached to that. You go down the list of things, and the Federal Reserve programs are $5.55 trillion.

Now, I am not suggesting the taxpayers are going to lose that money. They will perhaps lose some of it for sure, but some of it represents mortgages that likely will be good in the long term. The guarantee of certain kinds of mortgage securities, the funding for certain investment bank operations—you know I am not suggesting all of this is going to be lost, but clearly some will be lost. The taxpayers are at risk. Did anyone talk about what kinds of conditions should exist for that?

As I said, for a week now there have been people huddling about what are the strict and strong conditions you can attach to this $15 billion. I am in favor of strict and strong conditions to the things we do to move money into these circumstances. I am in favor of that. But why is it just here? Why not the $5.5 trillion? The FDIC program, $1.5 trillion, the Treasury Department, $1.1 trillion, $700 billion of which is called the Troubled Asset Relief Program—that, by the way, is a misnomer. That is what the Secretary of the Treasury asked for. He asked for $700 billion to buy troubled assets from financial firms. The Congress gave him the $700 billion. I did not vote for that, but the Congress gave him $700 billion, and very quickly he said: Well, that is not what I meant. I have changed my mind. We are not going to buy troubled assets, we are going to invest in capital in banks. So he promptly put $125 billion into nine banks—some of which apparently didn't want it—in order to, as the Treasury Secretary said, expand lending because the credit markets were frozen.

Well, guess what. That $125 billion called troubled asset relief money was put into banks instead as capital investments with no requirement at all that they expand lending. The purpose of the investment was to expand lending, but there was no requirement that they expand lending. Pretty inexplicable to me. But the point is, $700 billion of this $1.1 trillion is the troubled asset relief fund, and then Federal housing has about $300 billion.

By the way, this has not been easy information to get. Some enterprising work by a number of reporters—Bloomberg, for example—was first to try to figure out what is out here in terms of liability. What are the risks? What are the American taxpayers being asked to assume with respect to a burden? The fact is, it was hard to find. And despite the promises and pledges of transparency and accountability, it doesn't exist. We are told: Well, this is not transparent because it is difficult to do that, to tell folks at so-and-so that this company got a loan and this company didn't. I don't understand that. The promise of transparency was not some sort of tepid promise; it was a promise that what was going to be done would be available to be observed by the American people. That regrettably has not been the case.

So the Troubled Asset Relief Program was a program that actually was the only portion of this $700 billion that was considered by the Congress. Despite the fact that the Secretary of the Treasury wanted $700 billion with a three-page piece of legislation, those who worked on that did put some conditions, accountability and oversight requirements in the legislation. These requirements that have existed for the TARP program don't exist for any other program.

What I suggest we do is this: I am going to introduce legislation that would the apply the conditions and other safeguards that exist for the TARP program—the Troubled Asset Relief Program—to all of the other federal lending activities so that we have tough conditions attached to all of these activities and some accountability and transparency and oversight.

It is almost unbelievable to me that we have this massive amount of money being moved around with no one—except for the $700 billion—in an elective position responsive to the American people. The American people, after all, are the ones who assume the risk of all of this—with no one in an elective position making these judgments.

This is kind of an extraordinary form of government we are seeing. It is one I do not think you read in the Constitution. Again, my criticism is not to those who are interested in being active to address an economic crisis. I believe you have to be active to address a crisis. But I think those who are working now on the auto issue, who are insisting on strict conditions, are completely at odds with virtually everything else that has been done without conditions or oversight at all. That makes no sense to me at all.

The TARP program has conditions of oversight, accountability, and transparency. None of them are applicable to the other portions—which is about $7.8 trillion. Is anybody asking why? Is anybody asking why should they not be applicable? I am going to introduce legislation that would make these same conditions applicable to all these areas. It doesn't matter whether it is an open Fed window or some other guarantee—we have $7.8 trillion of other guarantees that put the taxpayers at risk. In one way or another the American people deserve to be able to see what is happening to them.

I am going to introduce a number of pieces of legislation. One of them will be to impose the same conditions and oversight in the troubled asset program to all the other programs that exist here. Second, I am going to propose a piece of legislation called the Financial Reform Commission, creating a high-level commission that would report back to the Congress in about 6 months about how we would reform our system of finance in this country.

We can't continue this. The fact is, what happened threw this country's economy into the ditch. It caused an enormous wreck. And we are going to keep doing it? I don't think so. It has to change. It has to be reformed. Some of the largest financial enterprises in this country have gotten massive amounts of money, hundreds of billions of dollars, but no one has shut the gate, as I described yesterday.

I come from a rural background where we had cattle and horses. I understand about closing the gate. No one has closed the gate here. I described yesterday what caused all this—unbelievable reckless behavior, unbelievable greed. Lots of interests were making lots of money.

The story the other day was about someone who was in charge of risk management for one of the big investment banks. One guy is in charge of risk management, the other guy is in charge of trading CDOs—collateralized debt obligations. The guy in charge of trading CDOs didn't have a very difficult time getting his activities through the risk manager and they loaded up. Both of them were making over $20 million a year. Let me say that again—both of them make over $20 million a year. This company loads up with massive quantities of toxic assets.

Now we are all stuck with the proposition of the Federal Reserve Board, the Treasury Department, and others, including the FDIC, trying to come to the rescue but coming to the rescue without any notion of how you close the gate on that kind of behavior, first of all; and, second, what kind of conditions attach to that rescue.

Again, I say about all this effort today and in the last week about imposing conditions on the automobile industry—sign me up. I am for that. I am not for using taxpayers' money without substantial limitations and conditions. But then why are we standing here with $7.8 trillion having been put at risk for the American taxpayer with few or no conditions, with little or no transparency, with almost no accountability, when Treasury comes up and says we will stick $45 billion into a big financing agency, one of the biggest in the country, and, by the way, you don't have to get rid of anybody. Nobody loses his job. We don't impose a requirement that you cannot pay big bonuses. We will just give you the money.

The question is, What caused the requirement to give them the money? The answer is unbelievable recklessness by people who were greedy, making lots and lots of money. Why would you provide money to an enterprise of that type without very substantial restrictions and conditions attached to that money? That is a question I think the Treasury Secretary should answer, the Chairman of the Federal Reserve Board should answer. The American people deserve that answer. We need a financial reform commission that decides how do we reform this going forward.

Let me tell you about the reform that happened 9 years ago. The reform 9 years ago, by the ''smartest guys in the room,'' was: We are hopelessly old-fashioned in our finance, hopelessly out of date.

Leading up to the Great Depression—the 1920s, leading up to the 1930s—we saw banks that were engaged in very risky enterprises: Real estate, securities, a whole series of things that were risky. The country plunged into a big old depression, banks closed all over the country, and emergency legislation was put together—Glass-Steagall among them—that said: You know what. It is nuts to have banks engaged in risky enterprises. We are going to separate them, and we are going to make sure you can never do it again. That is why legislation such as Glass-Steagall was passed. It protected that banking system whose not only reality of safety and soundness is important, but the perception of safety and soundness is critical, because without that perception, a run on the bank can bring a bank down.

We went on after the Great Depression, having separated those kind of risk activities from banking. Then, in 1999, Senator Phil Gramm from Texas led the effort in the Senate, and the effort was in the House as well, to say: This is hopelessly old-fashioned. Are you kidding me? We can't create big financial institutions, holding companies that allow us to merge investment banks with real banks and get involved in the issues of real estate and securities and so on? Let's pass a piece of legislation called the Financial Modernization Act and get rid of all this obstruction that has been put in place after the Great Depression.

I wish to put up what I said during the debate in 1999 on the floor of the Senate. When the Financial Modernization Act left the Senate, the conference report, eight of us voted no. I was one of the eight who voted no. Here is what I said in a speech on the floor of the Senate: ''This bill will also in my judgment raise the likelihood of future massive taxpayer bailouts.''

I am not prescient. I am not someone who can see the future. But I believed what we were doing in 1999 was unbelievably ignorant of the lessons we should have learned from the Great Depression.

''The bill will also in my judgment raise the likelihood of future massive taxpayer bailouts,'' I said in May of 1999. I wish I was wrong. Nine years later, here we are on the floor of the Senate, and we are seeing bailouts in every direction from the Federal Reserve Board, the Treasury, and others. I also said during that same debate: ''I say to the people who own banks, if you want to gamble, go to Las Vegas.''

But that wasn't enough. We had a lot of folks who decided, you know what, we need to get banking, once again, involved in some of the more profitable enterprises such as real estate and securities. We ought to be able, they said, to pass a financial modernization act that allows the creation of big financial holding companies with a homogenization of all kinds of different enterprises under one roof. They said we will put up firewalls, apparently firewalls made of balsa wood or paper, but we will put up firewalls, and things will be great, and so it passed. Only eight of us voted no in the Senate when that conference report left.

Yesterday, I described what happened as a result. It was similar to hogs in a corncrib, grunting and shoving and snorting. You heard it for a decade, especially in recent years. The most egregious part of it started with the subprime loans, but it was also with derivatives and credit default swaps. I said this back in 1999:

> If you want to trade in derivatives, God bless you. Do it with your own money. Do not do it through the deposits that are guaranteed by the American people.

There were four pieces of legislation I introduced during the interim going back to 1995 to try to prohibit banks from trading in derivatives. Let me put up a chart that shows what has happened with derivatives. The top five bailed-out banks: JPMorgan Chase got $25 billion in bailout funds from the U.S. Government. They have a notional value of derivatives of $91.3 trillion. The Bank of America got $15 billion in bailout funds. They have a $39.7 trillion notional value of derivatives. The list goes on. Citigroup, $45 billion in bailout funds, $37 trillion in notional value of derivatives.

This sort of mixes the terms. There is something called credit default swaps out there, something over $50 trillion of credit default swaps. If someone wants to know what they are, look at the AIG story. You will understand what brought them down. It was run by a little operation over in London with several hundred people. All this represented an unbelievable amount of reckless speculation that should never have been allowed to happen. That bill passed the Congress. President Clinton signed it. We have people—some of whom will come into this new administration—who were supportive of it. I think it was a horrible mistake. If we do not recognize it now, even as we are trying to dig out of this hole, we are going to head right back to the next hole. We need to have the Financial Reform Commission that develops the recommendations similar to what happened post-depression that will allow us to put together the kind of protections, once again, to make sure this will never again happen.

Let me also say I am going to introduce legislation calling for a National Financial Crimes Task Force. There needs to be accountability. I am not suggesting all of it is criminal or even a major part of it is criminal, but some of it undoubtedly represents criminal behavior. Yet there is virtually no investigation going on, on these issues. It is so unbelievable. I chaired the hearings in the Senate on the Enron Corporation. You remember Enron. That was a criminal enterprise that bilked particularly the west coast taxpayers and ratepayers for electricity out of billions of dollars. I chaired the hearing when Ken Lay, the chairman of Enron, came and lifted his hand to tell the truth and then took the fifth amendment.

Think of this, Enron was a big deal, a big scam and, in part, a criminal enterprise. In retrospect, the amount of money involved there is minuscule compared to the trillions of dollars we are talking about here that resulted from reckless business management and reckless practices.

I talked about derivatives and credit default swaps. I'll just mention, once again, the issue of subprime loans, when companies were advertising to the American people they should come to their company to get a loan, because if you were bankrupt, if you had slow pay, if you had bad credit, they wanted you to get a loan with them. In fact, they would encourage you to get a loan with them, and you wouldn't have to document it. That is called a no doc loan. You don't have to document your loan. Come to us, Zoom Credit said, come to us and get a loan. Slow pay? Bankruptcy? Troubles? It doesn't matter—come to us. That is just an example.

In fact, yesterday I showed that the largest mortgage banker in the country was engaged in the same sort of thing and that has already collapsed as well and the guy who ran it got off with a couple hundred million dollars, at least as I understand it.

My time is about up. My interest is in protecting the economy and protecting this country and protecting American taxpayers. We need to try to give some protection to American jobs and to protect taxpayers and that means strong conditions, strong oversight, transparency, and accountability. I am for taking emergency action. I am for doing what we can to pull this country out of this hole. But we ought not decide we are going to impose very strict conditions on this tiny little piece and on all the rest of trillions of dollars, it is Katy bar the door; whatever happens, happens; and don't complain.

That is not what the role of the Congress should be. This Congress should insist on every dollar that is committed on behalf of the American taxpayers that we have accountability, responsibility and transparency and strong conditions. That has not been the case to this point and I intend to introduce legislation that requires it.

I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 12:30 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. LIEBERMAN).

The PRESIDING OFFICER. In my capacity as a Senator from the State of Connecticut, I suggest the absence of a quorum.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

EXTENSION OF MORNING BUSINESS

Mr. BROWN. Mr. President, I ask unanimous consent that morning business be extended until 3:30.

The PRESIDING OFFICER. Is there objection? Hearing none, so ordered.

AUTOMOBILE INDUSTRY

Mr. BROWN. Mr. President, almost a quarter million Ohioans are employed, directly or indirectly, by the automobile industry. The compromise bill we have negotiated—which I hope will pass tonight—means much more than just bridge loans for auto companies. This legislation means hundreds of thousands of middle-class workers in Ohio, in Missouri, in Indiana, in Pennsylvania, in Michigan, and all over this country; hundreds of thousands of middle-class workers in my State will be able to keep their jobs—jobs for car dealerships in all 50 States, jobs for suppliers in all 50 States. It means jobs at auto assembly plants and it means jobs at auto-stamping plants and engine plants in all those States I mentioned. It means communities would not suffer yet another blow from massive job loss. It means Ohio's economy and our Nation's economy will have a fighting chance to get back on track.