

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 rep-

resented 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 over-

sight, 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.

Inaction means a present of pink slips for millions of American workers this Christmas. Bah humbug. There are some in this Chamber who would rather see our largest manufacturing industry go bankrupt rather than provide a bridge loan to success.

Let's be clear about what this legislation will do. The legislation provides a bridge loan to auto companies, a loan that comes with strict oversight and with strict conditions—something, frankly, the Treasury Department did not do with the financial services industry. If the auto companies don't negotiate a real plan for restructuring their businesses, all the interested parties—that means the auto dealers, the suppliers, the bondholders, the workers, management—if they don't negotiate a real plan for restructuring their businesses with all the interested parties, then the loan gets called in March or in April. This is not handing a checkbook over to the industry to make out whatever they think is fair. This legislation means accountability. It means transparency. It means no more corporate jets. It means no more golden parachutes when they hit turbulence. More importantly, passing this legislation means saving millions of jobs nationally, hundreds of thousands of jobs in Ohio and Michigan, and tens of thousands of jobs in Pennsylvania—as I said, millions of jobs all over this country. This legislation means the potential, as the industry gets better and better—and it has shown improvement in the last couple years—it means the potential for new job creation.

This bipartisan compromise legislation will help ensure the long-term viability of the most important component in U.S. manufacturing—the auto industry. It will help ensure global competitiveness. It will help ensure and promote energy efficiency by developing advanced technology vehicles.

Let me say it again. This legislation will save jobs. This bill is about jobs. It is about creating a middle class and strengthening the middle class. It is about jobs.

Back in November, the auto companies were given the task of developing detailed plans of how they would use taxpayer support and whether we, as Members of Congress and as the public, could have some assurance they would be able to survive and ultimately thrive. They submitted their plans on December 2, and they gave detailed proposals of how they will return to profitability. There are no absolute guarantees their plans will succeed, nor can there be guarantees. But based on reasonable assumptions—again, a much higher standard than the financial institutions to which the Treasury Department has handed hundreds of billions of dollars—based on reasonable assumptions, these auto companies will return to financial health, and they will repay the Federal loans they are seeking within a few years' time.

Thirty years ago, Chrysler borrowed more than \$1 billion. They paid it back.

The Government made money. They paid it back, in fact, more quickly than the Government asked them to initially. In the last month, the auto companies, dealing with us in this Congress, have done their part, and now it is our turn. We have two choices. We can either provide bridge loans to the auto industry or we can drive the economy off a bridge.

Seldom are the consequences of inaction so clear. If we do nothing, there will be a cascade of bankruptcies, not just in Detroit but across the country, including in the Presiding Officer's State of Missouri, in my State of Ohio, and across the country.

Last week a steelmaker in Cleveland announced that 450 men and women need not come to work on Monday. Another week before that, in Lordstown, OH, GM announced a layoff of some number of autoworkers at the Lordstown GM assembly plant and, within days, major suppliers also announced layoffs. Some 40 percent of production goes to the auto industry from the steel plant I was talking about. It is already competing in an industry where foreign governments subsidize hand over foot.

What happens to that steel mill if one or all of the big three go bankrupt?

These layoffs are not just numbers. A young woman from Youngstown, near Lordstown, wrote me about how her family moved off welfare when her father found a job when GM was hiring. She said the interview and testing process was extensive and the stakes for her family immense. When her father got the job, he was so happy he cried tears of joy. As somebody recently hired, she fears for her father and her family. The tears may soon be those of sorrow.

Next week, Lordstown workers will conduct their annual food drive, feeding hundreds of families through the holidays. They contribute a third of the United Way budget. This plant contributes a third—these workers—to the United Way budget. They keep the hardware stores open. They keep the restaurants open. They fund the public schools with tax dollars. They keep firefighters on the street, police officers on the street.

My colleagues may not appreciate the dramatic changes that have taken place in this industry. Employment, as a whole, has been cut in half. Productivity has started to match or exceed the foreign transplant factories. The UAW has agreed to extraordinary reductions in the pay and benefits of autoworkers in 2005, again last year, in 2007, and again now. The UAW has been a partner in these negotiations, as outlined by UAW President Gettelfinger to the Banking Committee only last week, and in putting the industry on the path to match the costs of the competition.

If we fail to act, the consequences will be felt throughout the economy—in the credit markets, the supplier industries, even the local newspaper.

A little over 2 months ago it was the banking industry that faced a crisis with an urgent need for Federal help. As I said earlier, the differences in how we responded to the two crises are striking. The banking industry, initially, through the Secretary of the Treasury, gave us a three-page plan, a three-page bill for spending \$700 billion. We obviously threw the three pages out because we wanted much more than that, but the revisions that came a week and a half later passed this Senate by a vote of 74 to 25.

The financial companies themselves, five of which have received more than \$25 billion each, not only did not appear before Congress, they never produced a plan on how they would spend the money, nor had they been asked for one by Congress or the Bush administration. Contrast that with what we have talked about for the auto industry. They didn't have to testify about why they built or marketed structured investment vehicles, but we have heard plenty of debate about the building and marketing of sport utility vehicles.

The idea Secretary Paulson and Chairman Bernanke made before the Senate Banking Committee on behalf of the banking industry is it needed what it called patient capital that only the Federal Government could provide. The banking industry—Secretary Paulson and Chairman Bernanke told us—was in peril, but given Federal support, in a few years' time, it would be back on its feet. I don't quarrel with the need to help the banking industry, though I have plenty of concerns for the way we are proceeding. The need here is exactly the same in the auto industry, even though the standards for transparency we are setting are almost literally contrasted like night and day. The auto industry has been hit by the same collapse in the credit market that brought Secretary Paulson and Chairman Bernanke to Capitol Hill on behalf of bankers. It has the same need for patient capital, a bridge loan to take it to the other side of the recession.

We know this can work; we have seen it work in the past, but we have no basis to believe people will buy cars from a company in bankruptcy. That is why we can't let it go to chapter 11 bankruptcy. A structured, prepackaged bankruptcy—whatever term the lawyers in this body wish to use—if it goes into bankruptcy, people would not buy cars in sufficient numbers to get this industry back on its feet.

As we saw with the collapse of Lehman Brothers, standing by while a company goes bankrupt would send shock waves to unexpected places throughout the economy. It was a terrible mistake that Secretary Paulson let Lehman Brothers collapse. It would be a terrible mistake if the Treasury Department doesn't step up—which apparently they will not—but it would be a terrible mistake if now the House and Senate do not step up.

If we fail to act, years from now some future Professor Bernanke, now Chairman of the Fed, will study our actions and will absolutely marvel at the missed opportunity—trillions of dollars committed to the financial sector, tens of billions denied the manufacturing sector, with millions of people losing their jobs on top of the more than 1 million who have already been laid off this year. If we fail to act, we will commit one of the biggest economic sins of omission in our history.

Majority Leader REID is absolutely right to insist that we stay here as long as we need to get this job done. Let's make it a truly merry Christmas in millions of living rooms in Lordstown, in Walton Hills, in Toledo, in Dayton, in Sharonville, in Mansfield, in towns all across the State.

I yield the floor.

EXTENSION OF MORNING BUSINESS

Mr. BROWN. Madam President, I ask unanimous consent to extend morning business until 4 p.m.

The PRESIDING OFFICER (Mrs. McCASKILL). Without objection, it is so ordered.

Mr. BROWN. Madam President, 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. SPECTER. Madam 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. SPECTER. Madam President, I further ask unanimous consent that the period for morning business be extended beyond 4 o'clock, and that I be permitted to speak in morning business for up to 15 minutes.

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

U.S. POLICY TOWARDS ISRAEL

Mr. SPECTER. Madam President, I have sought recognition for a few purposes. First, I ask unanimous consent that my statement regarding U.S. policy toward Israel be printed in the RECORD.

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

U.S. POLICY REGARDING ISRAEL

I have sought recognition to address the subject of United States policy regarding Israel and the Mideast peace process as we look forward to a new Administration and a new Congress next year. It is my expectation that the United States will maintain the close, strong relationship with Israel based on U.S. national interests, especially security interests, and our close cultural and historic ties with Israel.

While efforts are being made to bring democratic institutions to Iraq and Afghanistan, Israel is the only democracy in the region with our shared values. The record shows the U.S. vigorously supports a close relationship with Israel for good reason. Since the accords between Israel and Egypt in 1978, the United States has given substantial foreign aid to those two countries to improve their security and to promote the Mideast peace process. Since my election in 1980, I have voted for aid to Israel in the amount of \$81.6 billion, consisting of \$28.8 billion in economic aid—including \$1.3 billion to resettle Jewish refugees—and \$52.8 billion in military aid. In the case of Egypt, I have supported \$35.2 billion in military aid and \$23.9 billion in economic aid.

The importance of Israel as a strategic U.S. ally has motivated the U.S. to place special emphasis on Israel's security, part of which is promoting the Middle East Peace Process. During my 28 years in the Senate, I have traveled to many foreign countries in connection with my membership on the Intelligence Committee, which I chaired in the 104th Congress, and my membership on the Appropriations Subcommittee on Foreign Operations, where I am now the longest serving Republican on the Subcommittee.

As part of these travels, I have visited Israel 25 times and Syria 17 times with a view to assisting on a peace treaty between those two countries. As I see it, the key to such an accord is the Golan Heights captured by Israel in the 1967 War. Syria has long sought a return of the Golan. Only Israel can decide for itself whether its interests warrant returning the Golan to Syria for significant reciprocal concessions. Obviously, the strategic considerations are vastly different now than they were in 1967 since rockets can easily fly over the Golan. If Israel could rely on Syrian commitments to allow Lebanon to function as a sovereign nation, stop assisting Hezbollah and withdraw support for Hamas, Israel might conclude it was in its interest to return the Golan to Syria.

Israel and Syria were reportedly very close to a pact in 1995 when Yitzhak Rabin was Prime Minister and in 2000 when Ehud Barak was Prime Minister. Diplomacy has produced some results many thought impossible. Negotiations with North Korea have reduced that nation's nuclear threat although that situation remains volatile and uncertain. Negotiations have moved Libya's Muammar Qaddafi from horrendous acts of terrorism, including the blowing up of Pan Am 103 and bombing of a Berlin discotheque, resulting in the murder of US military personnel, to a willingness to negotiate and reform. Libya made reparations in excess of \$1,000,000,000 and abandoned plans to design nuclear weapons in order to be admitted to the family of nations.

My studies and travel in the region lead me to believe that next year may be the right time to secure an Israeli-Syrian Peace Treaty if the new Administration aggressively pursues that objective.

As I prepare to travel to Israel and Syria in the next several weeks, I have reviewed my Senate activities on this subject. I think it would be useful to list some of the steps I have taken so that my colleagues and others will understand my reasons for optimism and so that the incoming Obama Administration will have my thinking in setting its course on foreign relations in the Mideast.

I first became deeply involved in an Israeli security issue shortly after being elected in 1981 regarding the proposed sale of E-3A airborne warning and control system (AWACS) aircraft by the U.S. to Saudi Arabia. President Reagan notified the Congress that he intended to sell Saudi Arabia \$8.5 billion in arms—which at the time would have been

the largest weapons transfer in U.S. history—including 5 AWACS aircraft and 101 sets of conformal fuel tanks for F-15 aircraft. I opposed the sale on the grounds that it undercut the Camp David accords. I wrote to President Reagan in August 1981 to urge him not to proceed with the proposed sale, and on October 28, 1981 I said on the Senate floor:

"Until the Saudis are prepared to embrace the principles of the Camp David accords and support the United States on this cornerstone of United States-Mideast foreign policy, it is my judgment that they should not be rewarded with the AWACS and the F-15 enhancement. . . . By focusing on the special United States-Saudi relationship . . . the administration has already moved a step away from the best hope for a Middle East peace—the Camp David accords and the now-reinstated autonomy talks between Egypt and Israel."

I was one of 12 Republican senators to vote for a resolution disapproving the proposed arms sale. The resolution was rejected 48-52.

The same policy that led me to oppose the sale of AWACS to Saudi Arabia has guided my actions throughout my Senate career on Israeli security issues. Before being elected to the Senate in 1980, I visited Israel in 1964, 1969 and 1980. My first visit as a United States Senator came in September 1982. During my 1982 visit I met with Prime Minister Menachem Begin, Labor Party leader Shimon Peres, and other Israeli leaders. I urged Prime Minister Begin to discuss with President Reagan the issue of a Mideast peace. I understood the two differed on what approach to take, but as I said on the Senate floor following my trip:

"As I [saw] it, there [were] major misunderstandings which could be resolved, or at least clarified, by personal diplomacy between these two men of good will."

Prime Minister Begin and I also spoke about my meeting with Lebanese President-elect Bashir Gemayel who was assassinated shortly after I visited him in his Beirut office in September 1982. I said that I saw some hope of Lebanese unification, and Prime Minister Begin stressed that a peace treaty with Lebanon was very important to Israel.

I returned to Israel in May 1983 and met with Prime Minister Begin, Defense Minister Moshe Arens, and Labor leader Shimon Peres. Prime Minister Begin stressed his desire to secure the delivery of F-16's to Israel before the scheduled date of 1985, saying that the planes were crucial for Israel's security.

Following my meetings in Israel, I traveled to Egypt, where I met with Egyptian President Hosni Mubarak. As I stated in my trip report:

"I began [the meeting] by conveying Prime Minister Begin's respects as Prime Minister Begin asked me to do, and President Mubarak responded about his esteem for Prime Minister Begin, saying that the Prime Minister was a man of his word and also . . . tough."

I pursued a discussion with President Mubarak on the question of further negotiations between Israel and Egypt in pursuance of the principles of the Camp David accords.

In October 1983, I was an original cosponsor of legislation introduced by Senator Daniel Patrick Moynihan that would have required that the U.S. Embassy in Israel and the residence of the American Ambassador to Israel be located in Jerusalem. Hearings were held, but the legislation was not passed by the Senate.

I made my first trip to Syria in 1984 and met Foreign Minister Farouk al-Shara. Following the lead of Congressman Stephen Solarz on an important issue, I urged the Foreign Minister to permit Syrian Jewish