

Mrs. HUTCHISON. Mr. President, the Senator from Georgia is also waiting to speak, so I would like to be notified at 4½ minutes, and I will split it down the middle with the Senator from Georgia.

Mr. President, I rise today to speak about General Petraeus' testimony. I was able to watch a little bit of it before I came over here. I was beginning to see, of course, the questioning from the Armed Services Committee. I think it is so important that we look at the big picture and what General Petraeus is saying. Also, of course, we have Ambassador Crocker who is doing a terrific job over there.

I was there at the end of February, just 6 weeks ago. I met with both of them. But what I saw was an incredible change from the other time I had been in Iraq. As General Petraeus said himself, from June 2007 through February 2008 deaths from ethno-sectarian violence in Bagdad have fallen 90 percent. American casualties have fallen sharply, down by 70 percent. In the last year, the number of high-profile attacks have fallen by 50 percent.

All of us believe one American death is not worth the price we would pay if we had a choice. But every one of those who are there understand our mission and how important it is. Every one of those with whom I have met, both the people who have returned from Iraq and Afghanistan and the families of those who have lost loved ones, say: Do not leave. Do not leave without a victory, without seeing through the successes that we have gained.

They understand this mission. Unfortunately, it does not seem that the majority in the Congress see it as those who are on the ground and who have suffered the most do. As recently as February, the Senate leadership was trying to stop the surge by requiring an immediate and arbitrary withdrawal of U.S. forces from Iraq when we didn't even have the results. Yet those of us who have been there recently have seen the results.

I went to a police station with our embedded forces and to a security regional center with embedded forces. I did that because I was very concerned. I wanted to see it myself. I was very pleased with the fact that our troops embedded there were causing the Iraqis to come forward and do more and help us.

The Sons of Iraq, which are now 91,000 strong, are serving as neighborhood watches. They are manning the checkpoints. They are taking us to the weapons caches. Do you know that, since the beginning of this year, we have found, because of the Sons of Iraq's cooperation, more weapons than we discovered in all of 2006? We are making progress. Mr. President, 21,000 of the Sons of Iraq have now been accepted into security forces or government work. It is amazing that we are seeing military gains, and we are seeing political gains. It is not as fast as we would like to see it, of course, but it is progress. It is in the right direction.

The consequences of leaving precipitously are consequences that would be unthinkable. People talk about the cost of Iraq, the cost of the war on terror, as if the costs are prohibitive. The costs are high. But the cost of leaving and letting al-Qaida have a base in Iraq are much more expensive. We are talking about 9/11 costing over \$1 trillion, if you put it in monetary terms, which I don't think we should—this is not the thing that we should even be considering. We should be supporting our troops, and we should be supporting the effort that would require complete success for our country. This is the United States of America.

I met with the Vets for Freedom who just met by Senator BOND as well. They are the patriots who have been there, who know what it is like, and who are saying stay and fight and win. It is the right thing for the United States of America to do.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Georgia.

Mr. ISAKSON. I thank the distinguished Senator from Texas for allowing me part of the time. I ask unanimous consent to be recognized for 10 minutes.

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

Mr. ISAKSON. I associate myself with the remarks of the distinguished Senators from Texas and Missouri. I am grateful for great Americans such as David Petraeus, and I am particularly grateful for the young men and women, Americans who volunteer day and night, who go to defend liberty, peace, and freedom around the world. I come to the floor now for just a few minutes to speak on the housing bill pending, coming back, and the stimulus bill coming to the floor, and a cloture vote that is going to take place at 2:15.

HOUSING CRISIS

Mr. ISAKSON. Mr. President, I come to the well specifically today to talk for a few minutes about the tax credit proposal that is included in the base bill as introduced by Senators DODD and SHELBY and approved by the Finance Committee, Senator GRASSLEY, and Senator BAUCUS. To that end I want to pay particular thanks to the staff of the Finance Committee for the tremendous work they did with respect to the housing tax credit amendment which is now part of the base bill.

I come here today, though, to correct some misinformation that has been appearing in the media particularly over the past weekend and in a couple of national publications and Washington newspapers with regard to the housing stimulus and tax credit being inappropriate or wrong. The presumptions of those who have written are absolutely inappropriate and wrong. Although they are attempting, I am sure, to contribute to the debate, they are in fact

contributing to a tremendous misunderstanding about the reality of what the tax credits will do.

For the sake of discussion, the tax credit is a \$7,000, \$3,500-a-year tax credit that goes to any family who buys and occupies as their residence any home that has been foreclosed upon or is owned by a bank or lender, new or resale, and any resale owned by an owner occupant who is fending foreclosure.

There have been two comments made about what is wrong with this proposal that are exactly the opposite of what is really right about this proposal. No. 1, in one editorial it said it is rewarding people who did not pay their payments and punishing people who are making their payments. It is not rewarding anybody. If you are purchasing a foreclosed-upon house, the damage has already been done to the borrower. The family who didn't perform is not rewarded. In fact, they have already suffered their punishment. But everybody else in the neighborhood is suffering punishment because that vacant house sits there deteriorating and causing declining house values.

Secondly, it does not punish the homeowner who is in their house making their payments because the truth is, that home owner is hurt more when a foreclosure sits vacant and unsold than it is when that property is taken, bought by a homeowner, reestablished, the lawn is kept, the values are stabilized.

The fact is, we have an obligation at this critical time in our economy to do what we can to stimulate the market to solve our problems, not have a plethora of government solutions to problems. Stimulating the market to go back, absorb these houses, get them back in owner-occupied hands, get them out of REO inventory is precisely what we need to do.

Now, I do not come to this opinion as someone who has no experience; I come to it based on experience 33 years ago, in 1975. I was in the business. The United States had gone through a serious decline in housing. We had a problem. We had a 3-year supply of new houses standing unoccupied on the market. Buyers retreated because they did not know where the bottom was. The economy went down. Everything was in a mess.

Gerald Ford, a Republican President, and a Democratic Congress came to this very floor and introduced a \$2,000-a-year tax credit to any family who went and bought one of those standing vacant new houses only—not any house, the standing vacant new houses that were there, the problem houses. They passed the \$2,000 tax credit. The market immediately responded. Within the 1-year window of opportunity for that credit, two-thirds of the standing inventory was absorbed, home values stabilized and began to go up, and the economy returned to vitality.

So I ask those who are writing in criticism about a bill rewarding people

who did bad things and punishing people who did it right, they are exactly the opposite; the damage has already been done when the foreclosure has taken place, and the reward is to stabilize neighborhoods for those who are in their homes and paying.

I think the wisdom of the Finance Committee and the Banking Committee to incorporate this provision is an insurance policy that we in Congress can do good things to drive the market, to help solve problems. You hear all those problems about us making payments for people and doing things to take money from one American and give it to another in a time of trouble. That only postpones the inevitable. It does not solve the problem. But stimulating buyers back to the marketplace to absorb those houses that have been foreclosed upon or are pending foreclosure addresses specifically the housing crisis in this country, absorbs specifically the houses that are causing us problems, reestablishes values in our neighborhoods, and stabilizes the values of those people who are in their homes making their payments, doing what is right.

So with all due respect to those who have opined over the weekend, they are absolutely incorrect and wrong in terms of the applications of this credit. It will, in fact, be a boost to the economy, a boost to the housing market, and a stabilizing factor on home values and equities in the United States of America.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Maryland.

Ms. MIKULSKI. Will the Senator yield for a question?

Mr. ISAKSON. I will.

Ms. MIKULSKI. I have a question exactly about not only those headlines but what people have asked me over the weekend. I want the Senator to know, first of all, we value his extensive experience in the real estate field—he was a well-known realtor in his own community—and, of course, his ongoing method of civility in this body.

Here is my question: This is a \$7,000 tax credit if you buy a foreclosed home in a neighborhood; is that correct?

Mr. ISAKSON. That is right, \$3,500 a year for each of the first 2 years you occupy it as a resident.

Ms. MIKULSKI. Here is the question: There are two houses for sale. One is a foreclosed property and one is a regular homeowner ready to sell. The question I get from non-profits and people is: Is the tax credit going to depress by \$7,000 the house that is not in foreclosure? In other words, that it acts as a damper on price, and if you are in good standing, you have a good mortgage but you are ready to sell for whatever reasons, you are putting your house on the market, and next to you is a foreclosed house and that is going to get a \$7,000 tax break, they are saying: I am going to have to eat \$7,000 to sell my house.

Can the Senator answer that question for me and for all who I think are

puzzled about the possible unintended consequences of this tax break?

Mr. ISAKSON. The Senator's question is right on target. My answer to you is not an opinion, it is a statement of what actually happened in 1975. In 1975, there was no demand for housing because the plethora of houses that were on the market that had been foreclosed on that were built new were not being sold. Nobody was in the market. When the \$2,000 tax credit was established and those houses began to be absorbed, the housing values stabilized. So there was not a disadvantage to the person who was trying to sell who was in the house, it was actually an advantage.

The disadvantage you have right now is nobody knows where the bottom is. Because foreclosures are taking place, the values are going down. Those values, because of the cost-to-replace method of appraising, which is used by all lenders, decline the value of appraisals of houses that are pending on the market. It is a domino effect that affects everybody. The tax credit, by absorbing those houses that have been foreclosed upon and are vacant and are bringing down values, undergirds the market and raises those values for everyone.

Ms. MIKULSKI. Stick with me.

Mr. ISAKSON. I am here.

Ms. MIKULSKI. Real-world situation. This house is foreclosed, which means it already is going on the market at a depressed value, OK? The consequence of a foreclosure is a melancholy event, not only for the person who is losing their home, but the community feels it could lose a neighborhood. I believe that is the gentleman's point, and it is also a great concern to me. But because the foreclosed house is already depressed, then a \$7,000 tax credit comes in. The question is, for the non-foreclosed, I do not understand how the price of the non-foreclosed home is not dampened, and we, ourselves, are helping create a new bottom.

Mr. ISAKSON. Well, two or three points. The first one I made is still the valid point; that is, as those foreclosures are absorbed, values stabilize and go back up, and that supports the values that were there in the neighborhood for the people who are making their payments, not in foreclosure. That is No. 1.

Forget about the tax credit. You ride through any neighborhood where somebody is in a house that is in trouble and look at the sign. It will say "Drastic Reduction." "Reduced." "Foreclosed Property." "Fire Sale." "Thirty Percent Discount." All you have to do is open any newspaper in any urban area in American, and you can read the classifieds and see that today. That is what is doing the terrible damage. That is because those numbers are growing. So if the incentive is to absorb those that have been foreclosed on, then you lessen that downward pressure, you underwrite the house val-

ues, and the neighborhoods begin to restore.

Remember this: The tax credit is only good for a year. It is only a finite period of time to drive people to the market in hopes that they will absorb those houses because if they do not, the only way they get absorbed is through deeper discounts because regulators are going to force those lenders to dump them. The deeper the discount, the more depressed values are, and the more difficult it is for anybody to sell their house at a reasonable value.

Ms. MIKULSKI. Well, first of all, I thank the Senator for explaining this. You can understand the origin of these questions. It is not only what I feel, but those working in our communities, those trying to sell homes, they all feel pretty much the same way. But I thank the Senator for answering that question, and we thank him for the expertise he brings to this debate.

Mr. President, what is the parliamentary situation?

The ACTING PRESIDENT pro tempore. The time for morning business is about to expire.

Ms. MIKULSKI. Mr. President, I suggest the absence of a quorum.

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

The bill clerk proceeded to call the roll.

Ms. MIKULSKI. I ask unanimous consent that the order for the quorum call be rescinded.

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

Ms. MIKULSKI. Mr. President, I ask unanimous consent that morning business be extended for 10 additional minutes.

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

HOUSING

Ms. MIKULSKI. Mr. President, let me state that we are waiting for Senator DODD to come from the Foreign Relations Committee so that we can report the bill and continue moving on the housing bill.

I have an amendment I wish to offer. I know the Senator from Vermont has a modification. I know the Senator from California also has some things she wants to do on this bill. But while we are waiting for Senator DODD I wanted to say a few things about housing. I want to say a few things about this bill. I have an amendment I wish to offer, but I have a lot on my mind about this housing bill. First of all, I have very serious questions about the bill itself. The original bill that has been brought to the floor takes care of the sharks and the whales, but it does not take care of the little people, the minnows. The Maryland General Assembly did more in their 90 day session that just adjourned than this body has been able to accomplish all year.