

what the consequences of it are. This issue of the Foreign Intelligence Surveillance Act has become a political football by this administration. The last time we debated this, some while ago, it was quite clear that the politics of it were viewed as wonderful politics by the other side and by the White House. But this ought not be about politics at all. This ought to be about two issues, both of which are critically important: One is protecting this country's interests, yes, giving us a chance to make sure we understand what the terrorists are doing, how to foil terrorist attempts to injure this country—it is about that; and that is very important—but it is also about civil liberties and protecting the rights of the American people at the same time.

We thought we had done that by putting together the FISA Court. We thought we had done that by establishing a procedure that needed to be followed. We now understand the President, with his lawyers, says those laws do not matter. There is in the Constitution, they say, something about the powers of the Commander in Chief, and he can do whatever he wants. That is a pretty dangerous interpretation of the U.S. Constitution.

We debate this in so much ignorance because almost no one knows what this administration has done, and they are preventing us from knowing as much as we should know, in most cases, by claiming protection under the State Secrets Act, and not even allowing the release of the letter that was provided to the telephone companies that cooperated that describes to them the legal authority for doing so.

I think there is much to be learned here, much we need to know. I think it is very important, as we reach an agreement on the Foreign Intelligence Surveillance Act—and we should because it is an important circumstance by which we need, in certain cases, when we believe there is information being passed from terrorist to terrorist, and so on—if those communications are being run through this country, we need to be able to intercept and interpret what is happening—but it is critically important we not allow a kind of an approach to this where there is no oversight, there is no check.

We have a government of checks and balances. What the President and his people seem to be saying to us is: We are not interested in checks and balances. We have the authority in the Constitution, as we interpret it, and that means it exceeds every law you can pass. We are going to do what we want to do. And if you don't like it, tough luck. And if you don't like it, by the way, what we will say to the American people is you are not willing to stand up for the security of this country.

It is outrageous. It is dragging this issue smack-dab in the middle of their little political balloon. But this is a much more important process than that. We need to do this, and we need

to get it right in order to protect America. We need to do this, and we need to get it right in order to protect the interests of the American people as well—and that interest of privacy and that interest of making sure that “big brother government” is not running all of your telephone calls and all of your e-mails and all of your information through its drift net to find out what you are saying and what you are doing and who you are talking to.

That is not what I understand to be the best interests of this country or the guarantees that exist in the Constitution for the American people. That is why this is worth an important controversy and an important fight. It is why it is for us to take enough time to get it right. This is a big issue. We do a lot of things on the floor of the Senate that are not so big—not big issues. They are smaller issues in consequence. This issue is about freedom and liberty and the guarantees given the American people in the Constitution. It is about whether there is a check on Presidential power that assumes they have the power that exceeds all other laws. If we do not have that kind of check and balance in this Government, then we have bigger problems than I thought.

So I only wanted to say, with respect to this issue, we do not know much about it. We know at this point that behind this door, as shown on this chart—behind this door—exists information split off what is called a splitter from the main line. Massive amounts of information come into it—in this case, it was AT&T; it could have been other telephone companies—it is split off, and then all of it is evaluated to find out: Is there something there that is suspicious? It is not the way America has ever worked, and not the way it should work.

So the more we know, I think the more we will be able to better understand how to do two things at once: protect our country against terrorists, and protect the civil liberties of the American people. Both are important. At least there is one group of people in this political system of ours that believes the first is far more important than the second. They are wrong. They are both important, and both worth standing up for.

STIMULUS PACKAGE

Mr. DORGAN. Madam President, I want to talk for a few moments about the so-called stimulus package we are assembling to help our economy. What I want to say, first of all, is we have an economy that is a remarkable engine. This little spot on the planet—the United States of America—is quite an unbelievable economic engine. It has provided bounties and benefits to a group of people that exceed that provided to almost anybody else on this planet.

But we have run into some real problems. We now find ourselves in the year

2008 where we have a stock market that is wildly gyrating up and down. We see these dramatic swings in the stock market. That is a reflection of a substantial amount of concern and nervousness about what is happening in the economy and where we are heading.

In the last several decades we have morphed into a global economy. I have never questioned that. I have always questioned why the rules have not kept up. But the global economy is a different kind of economy for us. We are now told by those who wanted to create their own set of rules that the American people should compete with folks who work in Shenzhen, China, for 20 and 30 cents an hour making bicycles and little red wagons. There is downward pressure on income in this country. There is great concern by the American people about the loss of jobs and the loss of benefits. So there is a lot happening that is of great concern.

In addition to these dramatic yo-yo swings in the stock market that reflect widespread concern about the economy—we have at the same time some real fundamental structural problems in the economy. Because it appears the economy is now weak, we have more people unemployed. We have fewer housing starts. We have a whole range of issues that demonstrate a serious economic problem: a slowdown certainly, a recession very likely. Because of that, we are told there needs to be some short-term stimulus to provide a spark to help crank up this economy again.

Well, we always talk about that in an economic slowdown. We have put economic stabilizers in place over a long period of time—two to three to four decades—that have been very helpful in moderating the recessions we have had. Normally speaking, the recessions we have had have been shallower recessions because of economic stabilizers that have been put in place. But that does not mean you will not ever have recessions.

We might be in a recession now. So the Federal Reserve Board decided, earlier this week, cuts interest rates by 75 basis points. That was a big, bold, dramatic move by the Fed. These people wear gray suits and do not do anything very boldly, but this week they decided: Man, we are going to do something bold—so three-quarters of a percent interest rate cut.

It is expected, then, in monetary policy—having been moved by the Fed earlier this week—in fiscal policy our responsibility in Congress is to do something as well. So we in the Congress are putting together a fiscal policy approach. That approach is a stimulus package.

Well, the stimulus package would typically be some sort of tax rebate to people, perhaps some investment tax incentives to stimulate capital acquisition by businesses.

The House and the White House have moved now to agree on something that

is going to come to us from the House of Representatives. I think that is good news. It has been a long time since we have seen much cooperation from the White House. I think it is good news this week. The Fed moved. The White House is interested in an agreement. So we are going to have a stimulus package. I think the sooner the better. We need to tell the American people we are moving. I also want to say this about a stimulus package. I think there are two steps to it. One is shorter term—rebates for individuals, incentives for business investments, and so on—but, second, and I think very important, is to understand one of the quick ways to put people back to work and also to invest in America's future, to help build America, is in infrastructure: roads and bridges and dams and all the things that have been deteriorating.

We are so far behind in infrastructure. If we are going to be a world class economic power, we need to invest in infrastructure. We can do that and should do that as also part of a second step in a package to stimulate this economy.

Having said that, let me make a couple other points. If all we do is genuflect about a stimulus package, and then we step back and say, "Well, we are out of breath now. We have done that"—if that is all we do, this country is in deep trouble.

Let me describe what I think the significant causes of our trouble are. No. 1, we have a President who says, through his Vice President: Deficits don't matter. Well, of course he is wrong.

Paul O'Neill, the first Secretary of the Treasury under the Bush administration, and one of the real straight shooters in this town—he's a guy I liked; he said it the way he felt it and thought it, and you could believe him—Paul O'Neill, conservative Republican Secretary of the Treasury—well, he got fired. Do you know why he got fired? Because DICK CHENEY came into his office and, according to the things I have read, said: Deficits don't matter. Don't you understand? Deficits don't matter.

Well, Paul O'Neill did not believe that for a minute. Because he did not believe that, he was not part of the team, and he got fired.

Deficits do matter. This administration inherited a budget surplus of well over \$200 billion a year and has turned it around into a huge budget deficit. This administration has added over \$3 trillion to the debt. It ran into a recession, a terrorist attack, a war in Afghanistan, a war in Iraq, and now a subprime loan scandal.

Some of us stood on the floor of the Senate and said: Mr. President, don't push this issue of giving huge tax cuts on expected surpluses that are going to occur but have not yet occurred. What if something happens? The President said: Not on your life. We are going forward with my plan.

He pushed it through this Congress. I did not support it. But the result was

big budget surpluses were turned into record budget deficits, because now we had all these unexpected circumstances happen.

Well, the President said: We are going to fight a war, but we are going to send soldiers to Iraq and Afghanistan and we are not going to pay for it. We are going to send soldiers abroad to fight, but we are not going to ask anybody to pay for it. We will add it to the debt. So a little over two-thirds of a trillion dollars has been added to the Federal debt.

Last year, the President sent us a request saying: I want \$196 billion over and above that which I have asked for the Defense Department as an emergency. I want none of it paid for, and I want it now: \$196 billion. That is \$16 billion a month, \$4 billion a week, and I don't want to pay for any of it, he said.

This is a reckless fiscal policy that has been running this country into a ditch. Now you add to that fiscal policy from this administration—which is supposed to be a conservative administration—you add to that the trade deficit. The trade deficit is \$2 billion a day, every single day, 7 days a week. Every single day, we import \$2 billion more than we export—over \$700 billion a year in trade deficit.

We are not only shipping our money overseas, which then gives the Chinese and the Japanese the opportunity and responsibility to finance our debt, but they then begin to buy a fair amount of our country. We have just seen it in recent weeks. Citigroup went to Singapore for \$12.5 billion. GE Plastics got \$11.6 billion from the Saudis. Dow Chemical got \$9.5 billion from Kuwait. Citigroup needed more money; they got \$7.5 billion from United Arab Emirates. Where do you think they got this money? They got it from us, with these huge trade deficits. So we have a trade deficit that is well above \$700 billion a year.

I know the administration says: Well, the budget deficit is \$200 billion, \$300 billion. That is not true at all. It is if you take away the Social Security surplus and misuse it, and continue with fiscal policies that are not paid for. We are going to add roughly \$600 billion to the federal debt in this fiscal year. So \$600 billion in budget deficit, \$700 billion in trade deficit, and you are talking \$1.3 trillion or roughly 10 percent of the economy this country will borrow in 1 year. That is unbelievable. There are people who are drunk who think they are invisible. Well, I am not suggesting we are drunk here in the Congress. However, I am saying that both the President and the Congress seem to think we are invisible in terms of our public policies. The rest of the world sees what is happening—that our trade deficit and budget policies are way out of control.

Now add to those two things one other element: the subprime housing loan scandal that comes because federal regulators were asleep and too

cozy because they didn't want to regulate those they were supposed to regulate. So we had a bunch of high flyers and hot shots who took off—many of them have now been fired but went out the door with \$100 million or \$200 million, and what they were doing was providing and selling, through high pressure sales techniques, mortgage loans to people who could never possibly repay them. The refrain—if you saw it on your television set or heard it on your car radio, as many people did—you wondered: How could this be? The refrain on the television advertising was hey, you know something? If you have bad credit, come to us. If you have filed bankruptcy, come to us. If you can't make your house payments, come to us. We have a loan for you. Do you want to cut your loan payment every month? Do you have bad credit? Come to us. We want to give you a loan. All over this country you heard that sort of refrain. Well, guess what: This was mortgage brokers. It was mortgage banks. It was a bunch of high-flying folks who not only were putting out bad mortgages, but then they were doing as they did in the old meat-packing plants when they put sawdust in sausage. You took bad mortgages and good ones, mixed them up, put them in a case and sliced them and securitized it all and put them all in hedge funds. Soon nobody knew what they had, but they were grinning from ear to ear because they had high returns, high yields, and high fees on the origination of these securities. It turns out a lot of them were bad securities and nobody even knows who has them. Nobody knows which ones are bad. But 3 years after the loan is put out and the interest rate is reset, we discover that loans were given to people who couldn't possibly pay them. Then we discover that those who purchased them and those who sold them can no longer claim they are good assets. They file for bankruptcy. So we have all of this going on.

Now, there is another thing that is happening at exactly the same time and is also causing great danger to our economy. Even as this subprime loan mortgage scandal is happening, we have the growth of hedge funds and derivatives, and they too are outside of the purview of regulators. With respect to the subprime mortgage loans, we had regulators who were asleep or dead from the neck up. They wanted to serve here, but didn't like Government, and didn't want to do anything. That is what happened there. On hedge funds, Senator FEINSTEIN and I and others have been on the floor for years saying: We have to regulate hedge funds. We have to understand what is happening with derivatives.

Well, guess what. If you go into a casino in Las Vegas, you are going to lose what is in your back pocket in most cases. Well, sometimes you might be able to sign for a loan, but in most cases you only lose that which you have. Hedge funds are unregulated, No.

1, and, No. 2, have unbelievable amounts of leverage, unbelievable borrowing.

A reasonably new derivative called credit default swaps have a notional amount of \$43 trillion. I said \$26 trillion earlier this week. That was the end of 2006. In 2007, the notional amount of credit default swaps, which most people would believe to be a foreign language, was \$43 trillion. It is not a foreign language at all. These are sophisticated financial instruments that represent an unbelievable amount of speculation that in my judgment put this country's economy at great risk.

So we have budget deficits that are way out of control, and a trade deficit that is an outrage. We also have regulators who have no interest in regulating, allowing the subprime mortgage loan scandal, and hedge funds that we have had an aggressive fight on the floor about. We have the administration and others who are not interested in having any regulation of hedge funds, are unconcerned about what kind of liability exists with derivatives, and ignore the problem of this unbelievable leverage. If we don't deal with those four areas, we can stimulate forever. We can come here in the morning and stimulate every day on the floor of the Senate, if you like. It is not going to solve what is wrong with this country. If you don't put the foundation in order, if you don't lay the bricks right in the foundation, there is no structure you can build above it that is going to withstand the kind of problems that exist internally in this economy.

This country is too good a country for us to decide not to care about fixing these problems. President Bush came to the Congress and said: I am a conservative. Well, there is nothing conservative about an administration that runs up this sort of red ink. We are drowning in red ink. There is nothing conservative about an administration that has regulators who have decided they don't have any interest in regulating. It doesn't matter what the subject is: unsafe toys from China, you name it. We have regulators who are apparently collecting a Government paycheck and don't have the foggiest interest in regulating. That is how the scandal of subprime mortgage loans has happened and that has caused great injury to our country. It is also what is happening as a result of those who are preventing us from knowing what is going on with hedge funds and derivatives, which can cause a much greater level of damage than even the subprime mortgage loan scandal.

As I said, most Americans wouldn't have heard or know very little about credit default swaps and would hardly know what it means. These numbers are in the trillions. Hedge funds are about \$1.2 trillion of our economy. People say: Well, that is not so much. Gosh, there is \$9 trillion in mutual funds, there is roughly \$40 trillion of stocks and bonds out there. Mr. Presi-

dent, \$1.2 trillion in hedge funds. Hedge funds conduct one-half of the daily trades on the New York Stock Exchange. Think of that. One-half of the trades by hedge funds. In addition to the \$1.2 trillion, you have unbelievable amounts of leverage.

So I think we face a lot of big challenges. If I didn't have great hope for the future, I wouldn't want to get up and come to work in the morning. But I have a great reservoir of hope. I believe we can fix these things. But we need leadership from the White House. We need to work together here. We need to understand that it is not just about stimulating a short-term response; this is about fixing the foundation and setting things right. I think it was Thomas Wolf who talked about an indestructible belief, a quenchless hope, a boundless optimism. I have all of that. But we have to start now and understand what we need to do to put this country back on track toward a better and brighter future, one that grows and provides opportunities for all Americans.

Madam President, I yield the floor, and I make a point of order that a quorum is not present.

The PRESIDING OFFICER. Could the Senator withhold the quorum call?

Mr. DORGAN. I will be glad to withhold the quorum call.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

RECESSION

Mr. CASEY. Madam President, I commend our colleague from North Dakota for highlighting some of the challenges we face economically. He did it in a very compelling way, as he always does. We are grateful for his leadership on these issues.

I stood before the Senate a couple of days ago and talked about the fact that we have a war in Iraq that we cannot forget about. In fact, if you listen to some of the news, you would think there are only one or two issues we have to worry about, but the war continues to be a central issue for the American people. We also have to be very concerned, as Senator DORGAN and others have reminded us, about the economy.

I was asked recently by a reporter—a couple of different reporters, actually—who said to me very simply—or asked me, I should say, very simply the question: Are we in recession? I answered them without blinking, without even stopping to think, because I know it is the truth, and the answer is yes, we are in a recession. I don't care about, nor do I need to wait, for some academic dissertation or some economist to tell us what is the textbook definition of a recession. We are in a recession. We have to do something about it. I think it is as plain as could be.

So what do we do about this recession? How do we respond to it? Thank goodness, there is a lot of bipartisan-

ship on this issue, both parties coming together to try to do something about it. But I think we have to describe for people in Washington what this means for real people. I will talk about it in the context of Pennsylvania and Pennsylvania families, by way of highlighting this issue. I ask unanimous consent to have printed in the RECORD two pages I am going to be referring to from the Joint Economic Committee, Pennsylvania Economic Snapshot, dated January 23, 2008.

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

Over the past seven years, the Bush economy has made it more difficult for most Americans to get ahead. Under the current Administration, the basic goals of the American dream—raising a family, owning a home, paying for college, saving for retirement—have become intimidating hurdles for hardworking people. Slow growth in families' wages has been compounded by double-digit cost increases for health care, energy, and college tuition. Democrats are fighting for a new direction in economic policy, aimed at restoring broad-based growth, reducing the high costs of health care and energy, improving retirement security, and increasing prosperity for all Americans.

REAL HOUSEHOLD INCOME HAS STAGNATED; JOB CREATION HAS BEEN ABYSMAL

Pennsylvania's Median Household Income Increased By Only 1.3 Percent Since 2000. In Pennsylvania, real median household income averaged \$48,148 over the 2005–2006 period, compared with \$47,524 over the 1999–2000 period. Despite strong gains in productivity, workers' wages are only marginally higher than they were 25 years ago, and nationally, the inflation-adjusted income of a typical American household fell by \$962, or 2.0 percent, to \$48,201 between 2000 and 2006.

Pennsylvania's Job Growth Under the Current Administration Lags Far Behind Previous Presidents. The current president is competing with his father for the worst job creation record of any president since Herbert Hoover. Since taking office in January 2001, only 6 million jobs have been created, as compared with 20.8 million new jobs created during the Clinton administration at the same point in time. In Pennsylvania, only 101,900 new jobs have been created since Bush took office—or 1,200 new jobs per month—as compared with a total of 528,900 new jobs under Clinton—or 6,400 per month. In particular, the manufacturing sector has been hit hard by the economy under the current Administration, with payrolls nationwide declining by 3.2 million jobs between January 2001 and December 2007, and by 202,000 in Pennsylvania over the same period.

FAMILIES ARE FEELING THE SQUEEZE OF RISING EXPENSES

Rising Energy Costs Lead to Higher Gas and Home Heating Prices for Pennsylvania Residents. Rising energy costs are making it more difficult for Pennsylvania families to stretch their household budgets. In January 2001, the average retail price per gallon of gasoline in Pennsylvania was \$1.43. The average gas price per gallon is \$3.15 as of January 18, 2008. When adjusted for inflation, this represents an increase of 86 percent. At the same time, this winter is expected to hit Pennsylvania families hard, as average home heating costs have risen by 18.9 percent per household from \$1,216 to \$1,447 in the past year.

Health Care Premiums Rose 45.8 Percent in Pennsylvania Since 2000. In 2005, the average