

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

inflation-adjusted health care premium for family coverage in Pennsylvania was \$11,470, a 45.8 percent increase from 2000, while the average premium for individual coverage was \$4,332, an increase of 50.0 percent since 2000. Nationwide, the inflation-adjusted average monthly premium for family health coverage in the United States rose by 39.7 percent from 2000 to 2005, even as real median household income declined by 2.7 percent over the same period.

Pennsylvania College Tuition Rose 32.5 Percent Since 1999. Pennsylvania parents of college age students have also been hard hit under the current Administration, as inflation-adjusted tuition for Pennsylvania's four-year public colleges increased 32.5 percent between the 1999-2000 and 2005-2006 school years to \$8,994 per year. With that \$2,208 increase over just six years, Pennsylvania families are finding it more and more difficult to afford to send their children to college, and they are not alone. Nationally, public college tuition has risen at more than double the rate of inflation in recent years. Between the 1999-2000 and 2005-2006 academic years, average inflation-adjusted tuition and fees at U.S. public colleges and universities increased by 36.3 percent.

Child Care Costs For Two-Child Families Averaged \$1,273 Per Month in Pennsylvania. Child care continues to be a hefty burden on the budgets of Pennsylvania parents, with inflation-adjusted monthly care for an infant averaging \$689, and monthly care for two children averaging \$1,273.

#### THE HOUSING CRISIS IS ERODING HOME WEALTH, HURTING THE BROADER ECONOMY

The Subprime Mortgage Crisis Is Impacting All Pennsylvania Homeowners. Under the Bush administration's watch, unregulated mortgage originators were given financial incentives to sell risky, unaffordable subprime mortgages to vulnerable borrowers. As these adjustable rate mortgages reset to higher rates, the number of families unable to afford their payments and threatened with foreclosure is skyrocketing. In Pennsylvania, mortgages in delinquency have increased from 81,900 in the third quarter of 2005 to 121,100 in the third quarter of 2007. According to a recent report published by the Joint Economic Committee (JEC), the number of subprime foreclosures in Pennsylvania will total 45,500 between third quarter 2007 and the end of 2009.

High Foreclosure Rates Drag Down Neighboring Property Values and Household Wealth. The mortgage foreclosure crisis will have severe costs for Pennsylvania homeowners, not only in direct costs, but in its effect on home values and declining property taxes. According to the JEC, subprime mortgage-related foreclosures will cost Pennsylvania \$2.46 billion over the second half of 2007 through the end of 2009. Nationally, the expected economic costs of forecast foreclosures total nearly \$104 billion. Moreover, these numbers do not include the larger effects that the foreclosure crisis may have on the economy. Home prices, which drove up consumer spending when they rose earlier this decade, are in decline now, and consumers may begin to draw back on spending, negatively impacting GDP growth.

#### THE ECONOMIC COST OF THE IRAQ WAR IS STAGGERING

The Iraq War Will Cost \$36,900 Per Pennsylvania Household. According to the JEC's recent report, the direct and indirect costs of the Iraq War will be massive, especially if the Bush administration continues to keep large numbers of troops there. Even assuming significant force reductions, the cost of the Iraq War will total \$107 billion for Pennsylvania taxpayers by 2017; the total cost to the country will be an estimated \$2.8 trillion.

#### POVERTY REMAINS PERSISTENTLY HIGH

In Pennsylvania, 1.4 million Residents Were Living in Poverty Over Last Two Years. In Pennsylvania, 1.4 million residents were living below the poverty line during the 2005-2006 period, an increase of 28.8 percent over the 1999-2000 period. Unfortunately, this problem is not confined to the adult population as 17 percent of Pennsylvania's children are living below the poverty line. Nationally, 12.3 percent of Americans were living in poverty as of 2006.

#### THE RANKS OF THE UNINSURED CONTINUE TO GROW

Over Last Two Years, 1.2 million Pennsylvania Residents Had No Health Insurance. A growing number of Pennsylvania residents are living without health insurance. During the 2005-2006 period, an average of 1.2 million Pennsylvania residents—9.9 percent of the state's population—had no health insurance; this was 274,000 more than during the 1999-2000 period. Furthermore, 7.4 percent of Pennsylvania's children had no health insurance. Across the country, the number of Americans without health insurance totals 47 million, up 8.6 million since the current Administration took office.

Mr. CASEY. Madam President, I want you to know I will not read these two pages, but I want to highlight a couple of data points in this summary—two pages, four or five highlights.

First, delinquencies, mortgage delinquencies, are up from the third quarter of 2005 to the third quarter of 2007, up by some 40,000 mortgages, just in Pennsylvania. Then, stretching back over a couple of years, we look at gas prices. From January of 2001 forward, up 86 percent, gas prices in Pennsylvania; home heating costs, in 1 year—1 year—up 18.9 percent; health insurance for families. If you look at it over a 5-year period, 2000 to 2005, health care premiums for families are up 45.8 percent. And one more: Childcare costs per month for two children, which is the case for a lot of families, childcare costs per month for two children is averaging \$1,273.

That is just in one State and a couple of highlights. We could go on and on, but I won't.

There are the economic realities for Pennsylvania families, and we could add more to that list. So when a reporter or anyone else asks me, Are we in a recession, my answer is, You bet we are. A lot of families in Pennsylvania and across the country think we have been in a recession, or their families have been in a kind of recession for years now—not just since the holidays, not just in the last year, but for many years. So I think the data is compelling and overwhelming and irrefutable.

But let's think about it even more broadly. In terms of health care, Families USA did a report this past November—again, just in Pennsylvania—and they have done it for a lot of States, but Pennsylvania was the first one they announced. I will read one sentence from a long report, one sentence from this report by Families USA on the issue of health care. I think one sentence tells the story. During this same period that they referred to ear-

lier in the report, meaning 2000 to 2007, during that 7-year period:

The average worker's share of annual family premiums rose from \$1,656 to \$3,281, an increase of more than 98 percent.

What they are saying in that one sentence is that in the State of Pennsylvania, over that 7-year period of time, the workers' share of annual family premiums went up 98 percent—98 percent in one State, the workers' share on health care. I don't even need to refer to the rest of the report. That tells the story.

So that is all the information. That is all the data. But what do we do with it? We saw in the news today and yesterday that there has been an agreement of sorts that has been brought about on the economy, and I think we should all be encouraged by the fact that the President and the Congress are working together on a stimulus package. But what does that mean, and what are the elements of it? I won't go into all of it, but I think one thing we have to be guided by—and we have heard over and over again this sound bite in Washington, but we should say it again. These are not my words. We have all quoted these, but they summarize it pretty well: Whatever stimulus package we have in place for the American people has to be timely, has to be temporary, and has to be targeted. Another way to say that is we have to put in place policies for the stimulus that we know will work.

I want to refer to a chart here that tells that story pretty well. We have seen this chart before, but it bears repeating. Other Members of the Senate have used it. The targeted stimulus proposals, the ones that deliver far more bang for the buck. It is very simple: What do you get for a buck in stimulus expenditure?

We know this from the data. This isn't some Democratic operative; this is what Mark Zandi from economy.com put forth: food stamps, spend a dollar and get \$1.73 back; unemployment, spend a dollar in stimulus, get \$1.64 back. States are in a fiscal mess. We won't go into that, but if you spend a dollar, you get \$1.36 back in return. Then it goes down from pay, with payroll tax rebates and temporary income tax. We know that expending tax cuts for the wealthy, which is on the table right now, doesn't work. We know what works.

We have to make sure, in my judgment, that if we put together a bipartisan stimulus package—and we still have to work on this in the Senate—that we invest in strategies that will work, not what we would like to do or hope to do or not what one side or the other believes is a good idea. We have to invest in strategies that work: Food stamps, not just because it helps individual Americans and their families, but we know by investing in that strategy, they will spend the money quickly. We need people to spend money very rapidly to dig us out of the hole we are in. Food stamps, unemployment benefits, and aid to the States—we have to

provide investments in strategies that will work.

Another thing we have to do is make sure that when we are dealing with the housing crisis, we spend dollars and have strategies that lead to help in the short run. I was one of three Senators who put in the budget \$180 million for counseling. It is not some far-reaching plan to deal with the subprime crisis; it is dollars right now. In fact, the dollars for counseling would get dollars into the hands of nonprofit groups in the country to help families out of this next month, so to speak. Those dollars—\$180 million—will begin being spent in March. That will work. Those counselors are experts. They are certified, and they know how to work with families. We have to invest in that.

I will conclude with this thought. If you walked through the streets of New Orleans after Hurricane Katrina, I don't think many people would be scratching their heads and wondering whether that was a category 5 hurricane or a category 4. It didn't matter; it was devastating. I don't think we ought to wonder whether an economist tells us we are in a recession. We are in a recession.

We know something about the aftermath of Hurricane Katrina. When all of the reporting was done, when that horrific nightmare engulfed so many families, who were washed out of their homes and their hopes and dreams were gone, I think we learned a lot from what didn't happen before the hurricane.

We know as Americans that devastation doesn't always come with the awful swiftness of a hurricane. Sometimes it happens much more gradually, over time, when you don't make the right decision and prioritize and when you don't make the right investments. We are not doing that right now. We are not making the investments we should make in children in the dawn of their lives. We are not making an investment in fiscal responsibility to the extent we should. We are not investing in our infrastructure. Maybe all of those decisions can lead to a kind of slower moving Katrina or slower moving hurricane, which is an economic hurricane, or a devastating hurricane that dashes the hopes and dreams of children and their families.

So when we make a decision about what will be in the stimulus package to help people in the short run, we also have to get to work on a long-term strategy for economic growth, investing in our children, and making sure families can grow. I am concerned about how we are doing that or not doing it in Washington. We should learn from the horrific nightmare that was Hurricane Katrina. We should learn from, frankly, information such as this that tells us what will work in the short run to get us out of this mess and stimulate the economy and get dollars in the hands of Americans who will spend the dollars, which will jumpstart or jolt our economy. I think we

can come together and do that. I don't think what we have seen so far gets us to that point.

I am grateful for the opportunity to talk about these issues. I know they are central not just to Pennsylvania and our families but in States such as Minnesota and other States across this country. We have a lot more work to do to get the stimulus package right to help our economy.

#### HONORING OUR ARMED FORCES

LANCE CORPORAL CAMERON M. BABCOCK

Mr. BAYH. Madam President, I rise today with a heavy heart and deep sense of gratitude to honor the life of a brave soldier from Plymouth, IN. LCpl Cameron Babcock, 19 years old, died January 20th at Twentynine Palms Marine Base in California. Lance Corporal Babcock was killed as the result of a firearms accident in his barracks. Cameron was a committed soldier and servant to his country.

Cameron was a 2006 graduate of Plymouth High School and was a gifted musician. He played the trumpet in the Big Red Marching Band and was a member of the Plymouth High School Advanced Jazz Band. In 2005, he competed at the State Jazz Festival in LaPorte with the Advanced Jazz Band. He was also a member of the Wind Ensemble, comprised of some of the school's top music students. Cameron also played the guitar and enjoyed four-wheeling.

After graduation, Cameron fulfilled a lifelong goal by enlisting in the Marines, telling his family it was what he had always hoped to do. He was promoted to private first class after boot camp and was a rifleman in the infantry. With his assignment to Kilo Company, 3rd Battalion, 7th Marine Regiment, 1st Marine Division, Cameron served an exemplary tour in Iraq in support of Operation Iraqi Freedom. He was a decorated soldier and received numerous awards during his tour in Iraq including the National Defense Service Medal, the Iraqi Campaign Medal, the Global War on Terrorism Service Medal, the Combat Action Ribbon, the Sea Service Deployment Ribbon and the Certificate of Commendation.

Cameron was awaiting his second tour of duty in Iraq when he died. He is survived by his parents, Jeffery and Ann Smith Babcock; his sisters Kailey, Abigail, and Hope Babcock; and his brother, Samuel Babcock. The Babcock family resides in Plymouth.

Today, I join Cameron's family and friends in mourning his death. While we struggle to bear our sorrow over this loss, we can also take pride in the example he set, bravely fighting to make the world a safer place. It is his courage and strength of character that people will remember when they think of Cameron. Today and always, Cameron will be remembered by family members, friends and fellow Hoosiers as a true American hero, and we honor

the example he set in serving his country.

It is my sad duty to enter the name of LCpl Cameron M. Babcock in the RECORD of the U.S. Senate for his service to this country and for his profound commitment to freedom, democracy and peace. When I think about the unfortunate pain that comes with the loss of our heroes, I hope that families like Cameron's can find comfort in the words of the prophet Isaiah who said, "He will swallow up death in victory; and the Lord God will wipe away tears from off all faces."

May God grant strength and peace to those who mourn, and may God be with all of you, as I know He is with Cameron.

MAJOR ANDREW J. OLMSTED

Mr. SALAZAR. Madam President, I rise today in honor of MAJ Andrew Olmsted, who was killed on January 3 in an attack near Sadiyah, Iraq. Major Olmsted was assigned to the 1st Brigade of the 1st Infantry Division out of Fort Riley, KS, but he and his wife, Amanda Wilson, lived together in Colorado Springs, CO. Andrew was 37 years old. He was the first American casualty in Iraq of 2008.

Major Olmsted was a proud soldier whose sense of duty took him to Iraq—whose commitment to his fellow soldiers earned him their deepest respect—and whose compassion put him in the line of fire the day he died.

Andrew was also an exceptionally talented writer. He shared his experiences and perspectives in Iraq with the world on blogs, including one he wrote for the Rocky Mountain News entitled "From the Front Lines." The thousands of readers who followed Andrew's deployment had the privilege of his frank, thoughtful, stirring, and often humorous take on the war, the Army, and politics.

For a writer and reporter as gifted as Andrew, it is hard to find the words to properly honor his life and his sacrifice. I would rather let him speak for himself and reflect on his memory by sharing with my colleagues portions of Major Olmsted's final posting. He asked a friend to post this on his blog in the event of his death. In its eloquence, power, humor, and tragedy, it is one small way in which we may remember the mark that Andrew made on our world:

This is an entry I would have preferred not to have published, but there are limits to what we can control in life, and apparently I have passed one of those limits. . . .

What I don't want this to be is a chance for me, or anyone else, to be maudlin. I'm dead. That sucks, at least for me and my family and friends. But all the tears in the world aren't going to bring me back, so I would prefer that people remember the good things about me rather than mourning my loss. (If it turns out a specific number of tears will, in fact, bring me back to life, then by all means, break out the onions.)

I had a pretty good life, as I noted above. Sure, all things being equal I would have preferred to have more time, but I have no business complaining with all the good fortune I've enjoyed in my life. So if you're up for