

does my family belong to that church, but my wife Lilibet serves on the vestry there. So not only am I always tuned in, but I pay particular attention in this case.

Again, we are very proud of her and the work she does, the work of St. John's, and all who are associated with that church and that ministry.

Mr. President, I yield the floor.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Republican leader is recognized.

DEFENSE AUTHORIZATION

Mr. McCONNELL. Mr. President, we have a limited number of workdays between now and November, so we will obviously have to focus our priorities starting with the Defense authorization bill which the distinguished majority leader was just discussing, which is now before us. Among other things, the bill authorizes a much deserved pay raise for America's military men and women. Of course, an authorization bill only gets us halfway there. In order for this military pay raise to reach the families it is intended for, the Senate will need to pass an appropriations bill as well. So my suggestion is that we begin processing amendments to the Defense bill today, as the majority leader has indicated, starting with the first four amendments which will be voted on later today. We weren't, unfortunately, able to vote on any amendments yesterday. As everyone knows, the Defense bill is typically a heavily amended bill. It usually takes 2 or 3 weeks to complete, but it is my hope we can make some good forward progress today. Kentucky is home to two major military installations and more than 357,000 veterans. They, and the rest of America's veterans, deserve our full attention.

We have time but not a lot of time. Tomorrow, we will be taking some time out to remember the 9/11 attacks. Friday, we have an all-day energy summit. So let's use our time wisely. If we do, it is my hope we can work together and, with cooperation, finish this bill, at least early next week.

Mr. President, I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business for 1 hour, with Senators permitted to speak for up to 10 minutes each, with the time equally divided between the two leaders or

their designees, with the majority controlling the first half of the time and the Republicans the final half.

The assistant majority leader is recognized.

FANNIE MAE AND FREDDIE MAC

Mr. DURBIN. Mr. President, Sunday's announcement by Treasury Secretary Paulson that the Treasury Department and the Federal Housing Finance Authority would be placing Fannie Mae and Freddie Mac into conservatorship should be recognized for what it is: This is a landmark intervention by the Federal Government into our private markets, the housing markets. We are literally nationalizing half of the American housing market. The Bush economic policies and the irrational exuberance of the mortgage banking industry have driven us into this box canyon. The U.S. economy is hurting, with dramatic job losses, home values reeling, and middle-income families struggling to pay for the basic necessities.

While it may have been necessary and may have been the best of many bad options, this certainly raises significant long-term questions about how we organize and regulate mortgage financing in this country. This move may stop the rot for now, but real reform must follow.

With this administration's days numbered and only a few months left, it will be up to the next President and the next Congress to face these issues honestly and quickly.

For my part, I intend to make the case in the coming months that there is a sensible role for Government to play in the regulation of markets, regardless of what some may argue to the contrary. Letting our private sector markets run amok can lead to excessive booms and bailouts, as last weekend's actions evidence.

There are two things that merit immediate attention. I have written to the Secretary of the Treasury, Henry Paulson, Federal Housing Finance Authority Director Lockhart, and the incoming CEOs of Fannie Mae and Freddie Mac asking two things: First, it is unconscionable to reward the outgoing CEOs of these companies with golden parachutes that will literally cost the taxpayers millions of dollars—some estimate \$24 million—in farewell gifts; second, that we focus on restructuring the mortgages owned or serviced by Fannie Mae and Freddie Mac. Our goal needs to be structuring mortgages so troubled homeowners can keep up with their house payments and not lose their homes.

According to analysts cited in news coverage, the two ousted CEOs of Fannie Mae and Freddie Mac may be entitled to over \$24 million as a farewell gift from American taxpayers for running their companies into the ground. With taxpayers across America now facing the burden of paying up to \$200 billion in bailout costs for these agencies, I find this unconscionable.

Income equality in our country continues to grow. Middle-class families continue to work hard for paychecks that can't keep up with the cost of living. Yet compensation for senior executives has risen dramatically over the last 8 years.

My colleague, Senator JIM WEBB, not that long ago, in response to the State of the Union Address, noted that in the 1960s the CEOs of major corporations made 20 times more than the average worker. Today, they make 400 times more than the average worker. That means that literally each day a CEO works, he makes more than the average American worker makes in a year. How can we be asked to enshrine this inequity with taxpayers' dollars? We are being asked to reward incompetence and to lavish millions of dollars on the CEOs of Fannie Mae and Freddie Mac who have failed in their assignment. A worker who doesn't do his job will be given a pink slip, but a failed CEO of Fannie Mae or Freddie Mac is given a multimillion-dollar windfall.

I understand that both of these individuals were brought on the job to try to save failing agencies, but it is also true that in the case of the head of Fannie Mae, Daniel Mudd, he was paid \$11.6 million as an income last year as Fannie Mae was headed into the tank. Mr. Syron, Richard Syron, who headed up Freddie Mac, was paid \$18.3 million last year and given stock options. It turns out those stock options have become almost worthless. The fact is that they are still being rewarded—unless we do something—with farewell gifts and golden parachutes as they leave.

When Mr. Mudd took over Fannie Mae some 4 years ago, the shares were trading at \$70. On Friday, the day the news of the possible takeover started to leak out, Fannie Mae shares were trading at \$7. On Monday, the shares closed at 73 cents.

Freddie Mac had its own accounting problems when Mr. Syron took over in December of 2003. The company was forced to admit it had inflated its earnings by nearly \$5 billion. Like Mr. Mudd, Syron—who had served as a chief executive at other companies before—had been brought on pledging to fix the company and get it back on track. Freddie's shares, which traded for about \$55 when Mr. Syron took over in 2003, dropped to about \$5 last Friday and then to 88 cents on Monday.

You don't have to be a subscriber to the Wall Street Journal to realize these two men failed in their assignments. Given 3 or 4 years to right the ship and steady the course, they failed. Yet, in their failure and departure, they are asking for a rich reward—literally millions of dollars to be paid by the taxpayers. That, to me, is indefensible. That is why I have joined others in Congress, including Senator OBAMA, Senator REID, and Senator SCHUMER, in writing to the Treasury Secretary and the head of the Housing Finance Authority and telling them to stop the

golden parachutes for Mr. Mudd and Mr. Syron.

However, there is more that needs to be done. Last Sunday, Secretary Paulson called me to explain what was going to happen with Fannie Mae and Freddie Mac.

I told him I didn't know what else he could do. To allow these two housing giants to fail could literally cause reverberations across the economy, hurting many innocent companies, shareholders, and workers. I thought we had to step in. We had no choice. But it is not enough. To ride to the rescue of Bear Stearns, as our Government has, or to the rescue of Fannie Mae and Freddie Mac, as we have, is, of course, an effort to avert a worse disaster. But there are literally hundreds of thousands of small-scale disasters taking place every day, which still evidence a serious problem in the American economy. I am speaking, of course, of foreclosures. Despite the passion this administration has for making sure corporations survive bad times, they don't have a similar passion for families facing foreclosure.

The letter I have written to the Treasury Secretary calls on him, as part of this restructuring of Fannie Mae and Freddie Mac, to at least consider a helping hand for those facing foreclosure.

When IndyMac Federal Bank was taken over by the FDIC in July, the FDIC instituted a systematic plan to refinance troubled mortgages to help those homeowners avoid foreclosure. It set up strict criteria for those who would be eligible. It would not help speculators but those who had their homes at stake. It initiated restructurings for all of the mortgages that qualified. However, when it comes to the other mortgages across America, I am afraid there is a sad story to tell, where there has been a failure to refinance, a failure to create opportunity for people to stay in their homes. Foreclosure is a disaster for any family facing it, but it is also a disaster for their neighbors. The value of my home in Springfield, IL, has diminished because some of my neighbors have gone through foreclosure. Of course, it affects the overall housing market. It affects whether people will buy or build homes. Unless this cloud is removed from our housing market, then one of the pillars of the American economy has been shaken and may crumble.

That is why we have called on the Treasury Department and this administration to step in as part of restructuring Fannie Mae and Freddie Mac to avert foreclosures. Now, the Mortgage Bankers Association—the group that brought us this subprime mortgage disaster—has been arguing not just for months, but for years, that voluntary efforts by financial institutions are enough, that these banks will come forward and help these families. But there is no evidence of that whatsoever; foreclosures still are occurring at a record historic rate.

We cannot expect to emerge from this weak and failing economy until we address the root cause, which is the failure of the housing market. The Bush economic and tax policies have brought us to this disastrous moment—this moment where we have a Tax Code that rewards the wealthiest instead of helping middle-income families, a moment where the administration rushes to the rescue of the big banks but forgets American families who are struggling to keep a roof over their heads, struggling to protect the only asset they have in life against an economy that is making it difficult for them to survive.

Foreclosures continue to skyrocket. We have set a new record high in the last quarter, according to the Mortgage Bankers' own data. The Hope Now Alliance, which is run by bankers with the support of this administration, is supposed to be riding to the rescue. But they don't require banks to do anything to help homeowners, but just gives them "guidelines." Let me tell you something: Guidelines will not save a home. Guidelines will not avoid foreclosure. Guidelines won't keep you out of bankruptcy. That is what many homeowners are facing.

We tried, unsuccessfully, to convince this Senate and this administration to allow those homeowners facing bankruptcy and foreclosure to have one last chance in the bankruptcy court, to let the courts sit down with the bank and the family and try to find a way to keep them in their home. It was rejected. The "sanctity of the contract" is what we were told, we cannot violate the sanctity of the mortgage contract. Why, that would be unconscionable. It would shake the very foundations of the private sector economy in America.

But what happened last week? What happened to the sanctity of the contract when our Government and taxpayers rode to the rescue of Fannie Mae and Freddie Mac? We decided there was a greater good. The greater good was stabilizing this economy, averting a disaster if these two agencies failed. We said we would step in and do something extraordinary for the good of America. Why is it we will step in with billions of dollars for the good of America when it comes to major banks and major financial institutions but consider it anathema, unacceptable, heretical to step in when it comes to helping a family save a home?

That is the difference in the thinking here. When it comes to the priorities of this administration in Washington, those at the top, whether it is the banks or the CEOs of Fannie Mae and Freddie Mac, they always come out fine. They are always going to find themselves at the end of the day quite comfortable. But when it comes to helping working families—middle-income families who are struggling to get by—the policies of this administration have not been kind.

This Hope Now Alliance still won't report to the public how many families

are receiving real mortgage relief, through a reduction in what is owed. We can assume that not many are getting help. Now that Fannie and Freddie have been taken over by the Government, we can do something about it. These companies need to systematically restructure mortgages so we can prevent as many foreclosures as possible. Everyone wins if we do that. Families get to stay in their homes, taxpayers spend less money covering foreclosure losses, Fannie Mae and Freddie Mac reduce their future exposure to failed loans, and it is the right and smart thing to do. As our economy continues to struggle, we should take advantage of every opportunity we have to step in and help.

Saving the taxpayers from overpaying failed CEOs and helping families stay in their homes and avoid foreclosure are two such opportunities. In this letter, I have urged the administration to seize both opportunities.

On November 4, the American voters will have a chance to speak to the record of this administration, to decide whether we are going to make the change in Washington that is needed to steer a different course, to bring, I hope, a stronger economy. Many of us believe the strength of that economy and future of that economy is with the working families of this country, the middle-income families who struggle every day, pay their taxes, try to keep gasoline and groceries available, pay for college education and health expenses, and are having a hard time getting by. There hasn't been enough sensitivity in the actions and policies of this Congress or this administration when it comes to these families.

The fact is we have a chance in this election to change things in Washington, to bring some new thinking, some new priorities, and some new values. Those values don't include multimillion dollar golden parachutes for failing CEOs, or putting banks as a priority above average working people who have always been the strength of this country. I certainly hope we have that opportunity and seize it on November 4.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Montana is recognized.

ENERGY

Mr. TESTER. Mr. President, I rise today to visit about an issue we have all been talking about for some time: energy. In fact, truth be known, we have been talking about energy for over 30 years in this country, since the first energy crisis in the early 1970s.

Over the August recess, I had the opportunity to go around the State of Montana—I logged hundreds of miles on my vehicle—and talk with Montanans virtually from all over the State about energy and our Nation's energy future. Every visit to the great State of Montana is another reminder