

your bills? Come to us. The regulator should say: What are you doing? They say: We want to give you a mortgage that has an unbelievably low rate, 1¼ percent and resets at 10 percent and you don't have to document your loan. We will make the first 12 payments for you. Unbelievable, in my judgment.

Regulators sat by and watched, and it has cost this country \$1 trillion as a result of the unfettered greed that moved across this country.

The fact is, Senator MCCAIN recently said the economy is fundamentally sound. It is not. What has happened here is the erosion of economic strength as a result of unbelievable greed with the subprime mortgage that has spread all over the country.

By the way, I mentioned that what took away Financial Modernization Act Glass-Steagall and the protections we put in place was Financial Modernization Act, also known as the Gramm-Leach-Bliley Act. That is Senator Phil Gramm who led the fight here to do that. I didn't vote with him. He is out still advising Senator MCCAIN on the economy.

Again, this is not about politics, but it is about what happened, how it happened, why it happened, and what we ought to do to make sure it doesn't happen again. We need effective regulators who decide they are going to do, in the interest of the American taxpayers, what they should do. We ought to go back and plug the loophole that was opened by Senator Gramm and others who said: You know what. Let's forget the lessons of the past. Let's let big holding companies gather up big financial enterprises and put them into one big sack, and they will run just fine.

They are not running just fine. They are undermining this country's economic strength.

Mr. President, how much time have I consumed?

The ACTING PRESIDENT pro tempore. The Senator has used 13 minutes.

Mr. DORGAN. Mr. President, I will say again, as I said when I started, this is no ordinary time. Our economy is in peril. We will recover. I hope the kinds of things that are being done by good people who are working 24 hours a day to try to deal with this wreckage will help our economy recover. We are a very strong country, and we have had some people who have undermined this country's economic strength, but I believe we will overcome it. But we won't overcome it unless we understand what happened, how it happened, and why it happened.

I say again, as I said yesterday on the floor of the Senate, this is not some mysterious illness for which we don't have a cure. It is pretty obvious what happened, and it is pretty obvious what we have to do to fix it.

I have been on the floor of the Senate talking for some years about this issue, about the unbelievable amount of leverage and the exotic financial instruments. Does anybody out there know

that we have some \$40 trillion in notional derivative values of credit default swaps? Most people who have them don't even know what they are. Most people didn't understand what kind of infection existed deep in these securitized issues that were being sold back and forth and everybody making money. They had no idea what was in them that was going to blow up at some point. And it has blown up with a significant force at this point that, so far, has cost the American people, by my calculation, up to \$1 trillion.

This ought to be an indelible lesson learned for this institution and for the American people. Greed must be constrained.

The market system is a wonderful system, but you must have a traffic cop on the beat. You must have regulators who regulate. When you begin to take apart things that were protecting this country, such as the Glass-Steagall Act, and promising all kinds of nirvana for tomorrow, when it comes apart, you need to go back and do it over again and do it right.

Mr. President, as I said, these are difficult days, and I want to end as I started. I don't want people who listen to this discussion to believe they should run to the bank and take their deposits out. Insured deposits in American banks are sound, and the American people should understand and not worry about that. That is very important. What we should worry about are the political calculations that led us to take apart the protections, such as Glass-Steagall and others, and second, the unfettered greed that was going on under the noses of regulators who came to this town in 2001 and who decided they didn't have any interest in regulating anything. Those are lessons we need to learn and learn well.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Montana.

ENERGY

Mr. TESTER. Mr. President, I first wish to thank the Senator from North Dakota for his comments. I think it is particularly important, as we get the news day after day about what is going on in the financial markets of this country, that we don't panic. The fact is, I think the investments we have in our banks are secure. There is no doubt about that. But the truth is, we have gotten here by an administration that, quite honestly, has not done its job with commonsense oversight, and greed has stepped in. The bottom line is that it is costing the Government a lot of money—\$85 billion yesterday—to basically nationalize AIG. So I thank the Senator from North Dakota. I think his comments are on point.

Today, I want to talk about something that has been on our minds for some time and will be on our minds for some time; that is, the cost of energy. It is an incredibly pressing issue, and it is long past due for a commonsense en-

ergy policy with short-term and long-term solutions—critically important. America deserves no less, and Americans deserve no less. It is a matter of national and economic security.

Securing our energy future will free America from being held hostage by foreign producers, and quite honestly, most of them don't like us much—countries such as Russia, Venezuela, and Saudi Arabia. Renewable energy projects will generate good new jobs here in America while creating a sustainable energy supply at affordable prices for American consumers.

I have spoken many times on this floor about the need to drill for oil in places that make sense in this country. One of them in particular is a formation called the Bakken formation in eastern Montana. I have called on my colleagues to work together to crack down on oil speculators who artificially drive up the price of oil, and, of course, I have spoken about the need to conserve—the low-hanging fruit, conserve, conserve, conserve—and to invest in alternative and renewable energy for the future to make this country energy independent.

That is why I rise today. In Montana, several alternative energy projects have been held up by the Federal Government. Why? Because of too much redtape. And this administration has cut staff and resources just when we need them the most in the area of renewable energy. That is why I am introducing legislation, along with Senator FEINSTEIN, that will help get renewable energy projects approved faster. The measure will cut through the redtape that slows down too many of these innovative and important projects. My bill will make it easier for folks who are figuring out how to use new technology to solve the energy crisis while also cutting down on the emissions of greenhouse gases. It would also create as many as six renewable energy pilot project offices across the country to coordinate Federal permits for renewable energy projects and transmission lines with State governments.

This legislation is only a part of the puzzle, but it is a very important piece. In the 2005 Energy bill, we created an oil and gas pilot project to speed up onshore gas and oil exploration drilling, and it is working. If we had put the same focus on renewable energy that we have on oil and gas, we would be in a different spot today. And we won't run out of renewables as we will with oil.

I very much appreciate the work many of my colleagues have been doing to develop a bipartisan energy proposal, and I support their work. I call on the Senate to work together to pass commonsense solutions to this energy crisis. We can't put all our eggs in one basket energy-wise. Energy security will take a mix of solutions, and it is not going to happen overnight. But every day we delay is another day we continue to rely on foreign energy.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The assistant majority leader is recognized.

THE ECONOMY

Mr. DURBIN. Mr. President, yesterday evening, in room 219 just off the Senate Chamber, there was a historic meeting where Mr. Bernanke, Chairman of the Federal Reserve Board, and Mr. Paulson, Secretary of the Treasury, gathered at a large conference table with the leaders of both the House and the Senate, of both political parties. The information he gave us was serious, and we listened carefully as Mr. Bernanke explained that the Federal Reserve was about to loan \$85 billion to the largest insurance company in America—AIG.

Mr. Bernanke spelled out what would happen if AIG failed, which he believed was imminent, absent intervention by the Government; that this insurance company had 180 subsidiaries, a \$1 trillion operation, and the impact of its demise would be felt across America and around the world. He explained it is more than just an insurance company, it is a company that has insured many contracts, and if that insurance failed, it would call into question contractual obligations involving financial institutions and individuals across America.

It was very clear by the end of his explanation that we had few alternatives, few options other than to step in. Although I understand this to be unprecedented, it appears to be one of the few things we can do to stop AIG from collapsing and bringing down a large part of the American economy with it.

This, of course, comes on the heels of announcements earlier in the week that Lehman Brothers was going to fold. I understand a substantial portion of it may be taken over by Barclays, and I think that is a good thing, particularly for the 10,000 employees whose jobs may be preserved. We also heard that Merrill Lynch, one of the traditional giants on Wall Street, had to close down business and accept purchase by the Bank of America. That was a week after Fannie Mae and Freddie Mac, the two giants of the housing industry in America, reached a point where the Federal Government had to take over the responsibility for their future so that the housing market could be stabilized. And it was just a few weeks after that same administration stepped in to take over Bear Stearns.

This sequence of events has caused concern across America and around the world. I believe the response by the administration, at least through the Federal Reserve, is the best of the bad alternatives that were available to it. But it raises some extraordinary questions we have to face, and Congress has to accept the challenge these events present to us. The challenge was expressed by Mr. Bernanke last night

when I asked him: What can we do now to avoid further collapses of giant companies and institutions? He said: We have to step back and look at the whole system of regulation.

I think that was a very candid analysis because we know what has happened. The traditional basis for our financial dealings in America has been banks and other credit institutions, which are regulated by the Government. But in recent times, an additional credit world has emerged. It is a dark and shadowy world without the disclosure of these traditional institutions and with little or no regulation. It is that world which is coming down. It turns out that if these institutions are not carefully monitored, if there is not appropriate oversight and accountability, greed overtakes common sense, and that is what has happened. So many of these institutions are failing, and with their failure comes added responsibilities for taxpayers.

It is curious to me that when we reach these disastrous situations, it is the taxpayers—the average family in America—who need to ride to the rescue. It is their tax dollars that are going to keep these institutions afloat for some period of time. They didn't reap the profits of these institutions in their glory days, but now their tax dollars are sustaining the skeletons that are left so that there will at least be some continuity.

I think we need to step back and take an honest look at this and realize we have gone too far when it comes to this notion that we have to "get Government off our back." It turns out there are moments in history and there are situations where individuals, families, and even businesses alone cannot manage this economy. We need to have the American family—we need to have our Government that we have elected and chosen in a position of oversight to stop the excesses. We need to make sure we have agencies with the appropriate statutory authority to ask the right questions, to disclose the right information, and to stop wrongdoing. That has not happened, and that failure has led to the situation we see at this moment.

Senator MCCAIN and his inspiration, former Senator Phil Gramm of Texas, are part of the deregulation school—get Government out of the business of regulation. In fact, Senator MCCAIN prides himself on being a leader when it comes to deregulation. Well, it is that concept of deregulation that has brought us to this moment. We have to have appropriate regulation. I don't want the Government to go too far, but clearly, when the Government steps aside and says: Let 10,000 flowers bloom, let this economy emerge, let's see the miracle of capitalism, sadly, those miracles turn into tragedies, as they did over the last several weeks. We need to make sure we have agencies of Government doing the right thing.

In the darkest economic moment in American history—the Great Depres-

sion of the 1920s—it took a new President and a new way of thinking to turn America around and to get the economy back on its feet. That President, Franklin Roosevelt, came in and established Federal agencies that would demand accountability, and in return he said that we will stand behind the banks of America. It is a promise we have kept now for over 75 years.

Of course, there is regulation of financial institutions and there is also a guarantee that your deposits at your bank are going to be protected by the Government—the Federal Deposit Insurance Corporation. That is a good tradeoff. We will provide rescue if we can regulate. But currently we are coming to the rescue of unregulated entities for activities that the Government has had nothing to do with, and that has to change. We have to have accountability across the board in our economy. That is a critical element when it comes to the future. This Congress is not going to do it. The President is ending his term with only a few months left. He is not in a position to suggest major reform legislation in these closing months, and Congress is not in a position to pass it. But we have a responsibility in the new Congress to accept that challenge and to put in appropriate regulation.

The era of Phil Gramm deregulation is an era that has not only declined but fell over the last several weeks. That may have inspired JOHN MCCAIN years ago, but that cannot lead our country in the future. We have to have a much more honest appraisal that if the taxpayer dollars are going to be on the line to rescue these corporations, the Federal Government should have some oversight and demand accountability in the operation of these institutions before it reaches that point.

There is one other element that I think is important which we brought up in the meeting last night. Despite all this conversation about all the turmoil on Wall Street and all of the turmoil in our economy, there seems to be a hands-off attitude when it comes to the Americans facing mortgage foreclosure. What started this economic tumble was the subprime mortgage mess, where financial institutions were derelict in their responsibility, enticing people into mortgage debt way beyond their means, giving them these exotic financing packages which exploded when the ARMs reset, and now many of them are facing foreclosure.

This last August, we hit another record high in foreclosures—304,000 homes in some stage of default and 91,000 families losing their homes, according to RealtyTrac, an online marketer of foreclosed properties. I think this is the rot at the base of the economy, and when I have appealed to my colleagues in the Senate on the Republican side, the Secretary of the Treasury, and even the Chairman of the Federal Reserve, that we need to look at these mortgage foreclosures in a specific way to see how many of these