

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

families, if given a reasonable opportunity, could stay in their homes, they have said: No, we don't want to put our hands on that; we have to let the market work its will. Well, we didn't let the market work its will with Bear Stearns. We came to their rescue. We didn't let the market work its will with Fannie Mae and Freddie Mac. We rescued them. We certainly didn't let the market work its will with AIG. We decided that for the good of our economy we had to step in. I believe those were reasonable efforts to stabilize our economy, but helping the families facing foreclosure is also reasonable. Now that our Government is taking over Fannie Mae and Freddie Mac, I think it ought to step in with a new policy when it comes to renegotiating the mortgages of people who are facing foreclosure.

I have had a proposal before the Senate, which was rejected on a largely partisan basis, which basically said that if you go into bankruptcy in foreclosure, the court will have a chance to rewrite the terms of your mortgage to keep you in your home. It is done now for investment property, vacation property, farms and ranches. But it does not apply to your primary residence, and that makes no sense whatsoever. I think the court ought to step back and say this family can make the payments they have made for the last 5 years and ought to be allowed to stay in their home as a result of it rather than foreclose the property. If the property is foreclosed, there are losers in every direction. First, the families are on the street; second, the financial institution; and then the neighborhoods and the community around them will see their property values go down because of the foreclosure.

If we want to staunch the bleeding going on at the base of our economy, it should start with those who are facing foreclosure. If we are coming to the rescue of major institutions, why do we turn our backs on the families facing foreclosure?

One of our colleagues in the meeting yesterday said we have to let the market find the bottom when it comes to foreclosure. We didn't let that happen with respect to giants. We shouldn't let it happen to families who deserve a second chance.

I yield the floor.

Mr. CORNYN. Mr. President, I ask unanimous consent that 20 minutes out of the allotted 30 minutes on this side be allotted to me and the remaining 10 minutes allotted to the Senator from Louisiana, Mr. VITTER.

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

#### DISASTER RELIEF

Mr. CORNYN. Mr. President, yesterday I had the chance, once again, to tour the devastated area in my State of Texas caused by Hurricane Ike, this time with the President of the United

States and the Secretary of Health and Human Services, Secretary Mike Levitt, along with David Paulson, the Administrator of the Federal Emergency Management Agency. It had been 2 days before that, on Sunday, that I had done the same thing in southeast Texas, in the Beaumont area, talking to the mayors and county judges in that afflicted part of the State, as well as having been to Galveston. Those two places, particularly Orange County and Galveston County, in the southeast part of our State, took the brunt of Hurricane Ike.

There are a lot of people hurting now in Texas. We have roughly 2 million people without power. Many people have left their homes under evacuation orders and do not know what the condition of their home is and certainly are dying to get back so they can assess where they are—whether they have been wiped out or whether there is something they will be able to rebuild, whether this is something from which they can recover.

At the same time, we know there are people who are in evacuation shelters set up by the Red Cross with FEMA's help, and others, where they are getting the necessities of life—food, water, and shelter. But these are the very same people who are eager to get back to their homes to see whether their houses are still standing, to see whether they can rebuild, as I say, or whether they are going to have to start from scratch.

The emergency response by the State of Texas, primarily the Governor and his team, as well as the leaders at the local level—county judges and the mayors—was about as good as I can imagine it could have been. Unfortunately, because of Hurricane Gustav, when it did not turn out to be as severe as many thought, and millions, literally, had evacuated, I don't think many people believed Ike was going to turn out to be as bad as it turned out to be. So many people hunkered down in place and did not take the advice of the local and State leadership to evacuate. Unfortunately, now they find themselves—roughly 2 million people—without power.

Yesterday, Mayor Thomas, in Galveston, pointed out that the toilets have not flushed since last Friday in Galveston. That not only presents an inconvenience and hardship, but it is also a public health hazard. We have many people who, yesterday, decided to give people a chance to look and leave. In other words, if they were worried about their home, give them a chance to come back on Galveston Island, check it out, and then leave because the air-conditioning, the refrigeration, the basic services provided by power were not available.

Unfortunately, if you saw, as I did, the entry and exit into Galveston Island, it was jammed with people wanting to come back under that look-and-leave policy. But the mayor decided, and I think wisely so, to suspend that because of the logjam.

In the worst of disasters, usually you find the greatest examples of the human spirit, neighbors helping neighbors. Faith-based organizations, for no other cause than serving their very basic mission, are out there making sure people are fed, making sure they are sheltered, doing everything they can to help people rebuild their lives.

We were fortunate in one sense that the storm was not as bad as originally predicted. At one point, there was an estimate that 125,000 homes would be lost; that the surge would reach up to 25 feet; that is, the water being pushed ahead of the storm would actually come all the way up the Houston Ship Channel and cause massive destruction and flooding and possibly loss of human life. While too many people did, in fact, lose their lives, fortunately it was not as bad as it could have been. Texans remember and history reminds us it was just 1900 when Galveston was hit by another hurricane where anywhere between 6,000 and 8,000 people died. Fortunately, the numbers were in the single digits in Texas. That is because of not only the preparation but because of modern building codes which created stronger houses for people who did decide to hunker down, and also because of the search-and-rescue operation conducted by the State and Federal authorities working together to try to get people out who had been trapped, literally, without electricity, without power, without gasoline. We were able to get many people out to safety in the shelters.

I think it is important for the people of this country to know that no matter who you are or where you live, we do have the systems in place both at the local and State level but also the Federal level to be of assistance to you if you need help. Of course, as I mentioned, many people are trapped, really, where they are. Maybe they went to a hotel. Maybe they went to a friend or relative's house.

Yesterday, the President announced the Federal Emergency Management Agency, the Federal Emergency Response Agency, had authorized people to basically stay in the hotel or motel, if that is where they are located, for up to 30 days while the power gets restored and while cleanup is ongoing and maybe downed power lines are removed. That ought to give people some relief, that they are not going to have to look for money they do not have just to be able to pay the bill to stay in place if they are in a hotel or motel for the next 30 days, if they come from the affected counties.

Because of the major disaster declaration that occurred, both public assistance in terms of helping to rebuild the affected areas in the State and also personal assistance is available through FEMA. We tried to announce the first step to the public yesterday. But, obviously, people do not have Internet access when their power is down. They do not have televisions to watch the announcements or maybe