

zealous greed on Wall Street which we haven't seen since the 1930s.

But what concerns me is that I remember 3 years ago, in early 2005, George Bush, DICK CHENEY, and JOHN MCCAIN barnstormed the United States and campaigned all over the country for Social Security privatization. They worshipped at the mantle of how important it would be to have these private accounts; that if only people on Social Security invested in the stock market, think how much better off they would be. That was in 2005. Imagine if Bush and CHENEY and MCCAIN, and others around here, had succeeded in that endeavor. Imagine what people would be doing today if we had privatized Social Security. When people opened their statements—if they had private accounts—imagine what they would be feeling today with what has happened in the stock markets.

That, to me, is the biggest contrast between the direction the country is going in now, the direction JOHN MCCAIN and George Bush wanted to take also, and the direction so many senators, such as Senators WHITEHOUSE, MCCASKILL, and others in this body want to take us. Do we want to privatize Social Security, put senior citizens at the mercy of Wall Street? What would happen to their solid, guaranteed Social Security payments? Do we want to do that or do we want to make sure we will protect those Social Security payments?

I can't get Social Security out of my mind this week as I have seen what has happened with AIG, and what happened a few weeks ago with Bear Stearns, and what happened with Lehman Brothers and the stock market, and that we would possibly put people into private Social Security accounts. That is what JOHN MCCAIN wants to do. That is what they tried to do in 2005.

That is why I am so thankful that enough people in this body and in the House of Representatives, where I was in those days—and, more importantly, enough people in the United States, enough citizens—pushed back and said no to the Bush-Cheney-McCain privatization of Social Security. It wouldn't have worked then, and it clearly won't work now. It is a bad idea. It is one of the major issues I think we will see in the fall campaign, this whole idea of privatizing: privatizing Medicare, privatizing Social Security, privatizing the military, and all these contracts that Halliburton-Bechtel have.

Senator MCCASKILL, who will speak in a few moments, has done a great deal of work in trying to root out all the waste and all the illegalities, if you will, in some of these private military contracts. This whole effort to privatize has clearly cost taxpayer money. It has caused great risk for far too many people in Medicare. Thank God we were able to stop the Social Security privatization. If they had had their way in 2005, seniors would be much more worried about the cuts and the decline and the disintegration and

the disappearance of their dollars if we had instituted private accounts, coupled with higher gas prices and food prices, and all that we have seen.

So again, I remind my colleagues that they have not given up on their idea in 2005. We know they will try it again. If they have a majority, and if Senator MCCAIN is elected, we know they will try privatization again. It was a bad idea then, it is a bad idea now.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Georgia.

WORDS MATTER

Mr. ISAKSON. Mr. President, I want to open my remarks by simply stating that words matter. And to the distinguished Senator from Ohio, for whom I have the greatest of respect, I gained a lot of concern yesterday when I heard the words used in so many speeches given on the floor, especially at this disconcerting time, when the American public is so worried about our marketplace and our financial markets.

As Members of the Senate, I think it is very important we be conscientious, that we be positive and prudent in every word we use. Words matter. We have seen a savings and loan in California fail because words got out that there might be a failure and it became a self-fulfilling prophecy. We have seen things happen in the economy in large measure that were reactions to words that were said which should not have been said at all.

In making that statement, I am going to make a speech about what is happening right now on Wall Street and about our role in the Senate, and I will remember the admonition I gave that words matter. The words I want to use are words that I think are in the best interests of the people of the United States, but more importantly of this institution.

We can't play this historical blame game and set a precedent for the cause of what is going on in the financial markets today. We have to recognize that we equally, as Republicans and Democrats, have a responsibility to work together and to recognize the things we have done that have contributed to the problem. And I will give some examples.

One of the problems with the American economy today is the deficit of \$407 billion, which we will realize at the end of this month when the fiscal year ends. Yes, part of that deficit is because we have been at war. And had we not gone to war, we might be in the throes of terrorism. But that is another debate. But a lot of that deficit is about Federal spending. A lot is about the budget process. As Members of the Senate, we have yet to take up a single appropriations bill on the floor of the Senate, yet in less than 2 weeks, this fiscal year will end. I think it is our responsibility at a time of deficit, at a time of spending difficulties to get that

debate to the floor of the Senate and for all of us, Republicans and Democrats alike, to recognize we have a role in what that deficit is.

Secondly, the concerns regarding the financial markets now started back in May and June, when oil prices went to \$147 a barrel. We are within a week, almost a week, of adjourning, yet it is patently clear there will be no resolution by Congress to any way forward in terms of domestic exploration or dealing with all the other energy issues out there. Those are two things that, had we been doing them this month and in the months previous, might have helped to ameliorate at least part of the concerns on Wall Street.

So I think all of us, Republicans and Democrats alike, must understand that we share part of the blame as an institution, and not just as one political party blaming the other. It is time for cool heads and prudent minds in the Congress to prevail. Americans are concerned. We should not play politics with their future. By way of example, the previous speaker brought back the entitlement debate of 2005 and the challenge of privatization. We must remember today that the debate we had was about one of the problems that Congress has contributed to, and that is a Social Security system from which we have borrowed all of its trust fund and spent all of its money. Because of the way we have managed the fiscal house of the United States, we will dissipate the trust fund in its entirety by 2043. That is something we ought to be addressing. We can have differences on the way to address it, but to try to stigmatize a sitting President or a future candidate when they were trying to address a problem that we all know exists is not the way to deal with these financial difficulties.

On the question of regulation, I am not so sure it is a question at all of needing more regulation as much as it is a question of using the regulatory powers that we now have to address some of these problems. I will give a couple of examples.

On Wall Street, within the Securities and Exchange Commission, there used to be an uptick rule. And the uptick rule basically was that as the market was going up, you could play the market game with speculation. But if it was going down, you couldn't short sell it. What is happening on Wall Street now is there are a lot of people selling short, and they are selling short to the detriment of the American people but to the benefit of the individuals themselves. That is part of the problem. We should ask the Securities and Exchange Commission to look deeply into regulations that worked in the past and see if they can't bring back the uptick rule to stop what has been an abuse in terms of short selling.

Secondly, I have said on the floor of the Senate three previous times—and I will repeat it today because I believe it strongly, and because I think it is more true now than ever before—a significant contributor to the problems we

are facing today is an absence of transparency and accountability on behalf of investment banking. The subprime securities that were created on Wall Street, and were rated investment grade by Moodys and Standard & Poor's, are the fundamental foundation of these financial collapses not just in the United States but around the world because those securities were bought as capital basis for many of the lending and financial institutions.

As we look to the future, and the recovery which we will see—because America always recovers—it is important that we never allow something like the securitization of high-risk paper and rating as investment grade to ever happen again without some level of transparency and an absolute level of accountability on behalf of the institution.

I want to tell a brief story, only for the purpose of letting people know what a small world we live in and how our words matter and the consequences to our actions. I traveled to Kazakhstan in August with the majority leader, Senator REID. It was an educational trip of immense benefit to me, and I think of immense benefit to the country, in terms of what we did. Kazakhstan is a country of 16 million people with the largest find of oil in all of Asia. It is a wealthy country that built its capital city of Astana from scratch 10 years ago.

When we landed in Astana and left in a vehicle provided by the embassy and drove into town, there were landscaped gardens, beautiful buildings, gold-domed mosques—obviously, the best of everything because of the wealth they had.

But I noticed something interesting. I counted 17 buildings, midrise and high-rise, partially completed, cranes up, with nobody working. When we got to the embassy I asked our ambassador when he said, Are there any questions: Is there a holiday?

He said: No. Why do you ask?

I said: Nobody is working on all these unfinished buildings. Why is that?

He said: The U.S. subprime mortgage crisis.

I said: I don't understand.

He said: The bank of Kazakhstan bought a bunch of the subprime securities in the United States, and when Merrill Lynch wrote their portfolio down to 22 cents on the dollar, the bank of Kazakhstan did the same thing. And when they did, they had to stop funding construction and stop funding mortgages.

If we do not think we live in a small world, if we don't understand the consequences of our words and the policies that are initiated in terms of our financial products, we have another thought coming.

Last, I compliment the Congress and use as an example the housing bill, where we have the power to address and strengthen our economy. In July, this Senate passed, by a vote of what I remember to be 83 to 14—it may have

been slightly different—a bipartisan housing bill that did a number of things: It modernized FHA, raised loan limits, provided a refinance mechanism for subprime loans rather than foreclosure, but also answered the question of Freddie and Fannie and provided an opportunity for the Secretary of the Treasury and the Federal Reserve to address Freddie Mac and Fannie Mae should those institutions get in trouble.

While we were gone in August they got into trouble. They got in trouble in part because of their own doing but in trouble in part also because of a lack of confidence. If we had not passed that bill that allowed Secretary Paulson to come in and stabilize Freddie and Fannie, the source of mortgage money for the people of the United States of America, the problems we are experiencing now are nothing compared to what would have happened.

Our actions matter and our words matter. We should be careful to understand that in a time of uncertainty in our financial markets and of concern by all Americans, rich and poor, Republican and Democrat, our words matter. We should work diligently to give people confidence in our system of government and our financial system, provide the intervention and the appropriate aid while necessary but not overregulate or stigmatize a system that has worked for the better part of two and a quarter centuries.

I love this country, and I appreciate the people I represent. I suffer as they do today with the uncertainties in the financial markets. I hope all of us will commit ourselves to do those things within our grasp to see to it that we have a sounder economy, a sounder dollar, and a sounder America. Let's do our appropriations. Let's have an energy policy that works. Let's look at those positive things that have happened in the past on Wall Street that can bring back a level of accountability and transparency that are absolutely essential in the United States of America.

I yield the remainder of my time.

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

THE ECONOMY

Mrs. MCCASKILL. Mr. President, I would like to talk about what is going on in our economy right now. I think it is important that we point out a couple of things at the outset.

First, I had the opportunity yesterday afternoon to spend some time with some great community bankers from my State. They said something to me that really resonated, and that is: I don't think we have done enough to tell America the difference between deposit banks and investment banks. There are a whole lot of folks I represent right now who are nervous. My sister caught her mother-in-law with cash in her pillowcase this week.

The reason they are nervous is, frankly, a lot of them don't understand that the problems caused here were not because of deposit banks. Deposit banks are highly regulated. Deposit banks have both State government and Federal Government looking over their shoulders every single day. Deposit banks are fine in the United States of America—partly because of appropriate regulation and oversight by State and Federal Governments. And they are insured. Every account in America that is in a deposit bank is insured by the Federal Government for up to \$100,000.

In fairness to all those great community banks and the banks in my State that have used sound business practices, that have not let greed be their watchword, that have served their communities well, let me reassure all the people who bank at those great banks that they can take a sigh of relief today because the problem we have in our economy is not with deposit banks.

Let's step back and see what has happened. There are three things that have happened. No. 1 was massive deregulation of exotic financial instruments in investment banks and insurance companies. No. 2, there was a huge amount of greed. And, No. 3, no one was watching out for the taxpayers.

I heard my colleague from Georgia talk about short selling and naked short selling and saying we need to tell them to enforce the law.

Think about that for a minute. We need to tell somebody to enforce the law as it relates to trading? I heard just an hour ago that today the SEC is going to enforce naked short selling rules. Naked short selling—it would take longer to explain than I have this morning, but suffice it to say, it is wrong and bad because when you are hedging, when you are long selling and short selling, you need to take delivery. That is how this works. There are rules against naked short selling, but they were not enforced.

They are enforcing it today. Why wasn't it enforced last week? Why weren't the rules enforced the week before? Why weren't the rules enforced last year? They didn't want to. It is pretty simple. Nobody wanted to enforce the rules. Why not? Because the titans of Wall Street were in charge. The titans of Wall Street have had their way with this White House.

Facts are stubborn. If the law is on the books and this administration is not enforcing it, they need to explain to the American public why the taxpayers are now on the hook for hundreds of billions of dollars because these guys didn't think it was important to enforce the rules against their friends.

Credit default swaps is another exotic financial instrument that came in vogue after the massive deregulation of this administration. It was made possible by the deregulators.

Here is the thing that is killing me—it is just killing me. All of the folks