

clear, and I think we will see that in the upcoming weeks.

Mr. President, I yield the floor, and I thank the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. MARTINEZ. Mr. President, I have some remarks I wish to make about the pending matter of the financial crisis we are facing, but before I do I guess I have to make some comments about some of the things my distinguished colleague from Ohio had to say. It was a great speech for a Presidential race, but I don't think it touched on some of the very important issues our country is facing right here and now, the big decisions we have to make and that we have to do in a bipartisan way.

We cannot rewrite history because it sounds good. We cannot rewrite history because it helps the Presidential campaign that one might want to see succeed in the next 40 days.

The fact is we had a regulation bill before the Senate: S. 190. I was a cosponsor of it. Senator JOHN MCCAIN was a cosponsor of that bill. That bill could have regulated Fannie Mae and Freddie Mac. It got nowhere. The silence on the other side of the aisle was deafening. This was in 2005. It wasn't that long ago. There was an opportunity then for all to come around the idea that Fannie Mae and Freddie Mac were at the heart of the problem we have faced in this financial crisis, and they should have a strong, world-class regulator. I wish to talk more about that in a moment. When we talk about a betrayal of the middle class, wouldn't it have been a good idea if we had rallied around JOHN MCCAIN, ELIZABETH DOLE, JOHN SUNUNU, MEL MARTINEZ, and others who were supporting the idea that we needed a strong regulator for Fannie Mae and Freddie Mac; that they were undercapitalized, and until they had a world-class regulator, it would be business as usual, and they would continue to pass their largesse around the Congress among their favorites. The fact is we did not get that bill passed in 2005, when it might have made a difference.

It is also easy to talk about this administration and attempt to rewrite history. It is probably more politically expedient not to defend this administration, but I was a part of it. From 2001 to 2003 I served as Secretary of Housing and Urban Development. I came before the Congress and I testified before the House and the Senate Banking and Financial Services Committees, respectively. I had on my side the Secretary of the Treasury, John Snow, who was the Secretary at the time. What did we tell the Congress? We told Congress that we thought Fannie Mae and Freddie Mac needed a strong regulator, that they were thinly capitalized, and that they posed a systemic risk to our economy. I don't know if Senator BROWN, at the time a Member of the House, had an opportunity to hear or read our testimony,

but if he had, he would have known that this administration was for a stronger regulatory scheme for Fannie Mae and Freddie Mac.

I would also say to the Senator from Ohio, when he talks about deregulatory schemes and tax cuts, the fact is the tax cuts we have had in place brought us out of a recession which we were in in 2001. We have short memories, I know. I know we have a 30-second sitcom memory, but we should remember that in 2001, when President Bush came into office, this country was in a recession. We came out of that recession as a result of a lesser tax burden on the American people that created jobs and that got this country moving again.

One last thing I will say before I go to my remarks that I planned to make. When we talk about trade agreements that lose jobs, stalling a trade agreement with the country of Colombia, in addition to not serving our security interests, is costing jobs in Miami, in Port Everglades, in the Port of Tampa. These are good-paying jobs. These are the kinds of jobs that people today in Florida, with unemployment over 6 percent, would stand in line to be able to have. These are good-paying jobs at the ports—ports that would trade with Colombia. The No. 4 trading port in America with Colombia is in Tampa. Jobs would be created in Tampa, FL, if we were to trade with Colombia and if we were to have a free-trade agreement with Colombia. Over \$1 billion in increased trade, in increased jobs, in increased dollars flowing into Florida's economy would be created if we would pass that free-trade agreement, which is stalled because we are doing the bidding of the big labor unions that don't want to see it happen.

FINANCIAL RESCUE PLAN

Mr. MARTINEZ. Mr. President, let's now talk about the moment at hand. The seriousness of the moment could not be more overstated or understated. This Congress is about to consider the most important legislation affecting our financial markets, I would say for a generation and possibly in the history of our country.

The American people must understand exactly what is at stake as we begin to consider this legislation. This is something we have to do, putting aside partisan rhetoric, putting aside the fact that in 40 days we have a Presidential election.

We have to put aside the partisanship and shed ourselves of that rhetoric. That rhetoric just invites more and more acrimony. The fact is, we have to come together not as politicians but maybe in a rare moment of statesmanship to look at this legislation and this serious and sober moment that our country faces.

What happened is that the credit markets have quit functioning. Credit cards, car loans, home equity loans, home mortgages, business loans—all of these loans are impacted. Business

loans, which keep large and small businesses operating, have ceased to exist. They cannot get the credit that is necessary to operate their businesses. The financial markets are not functioning, putting in jeopardy our entire economy. The entirety of our economy is at stake in what we are dealing with now.

Without timely Government intervention, the financial system as we know it no longer will exist. This will impact each and every American family, and it will impact them not just for the next month but for years to come.

This isn't a Wall Street versus Main Street argument. This isn't about dividing us and trying to gain political advantage by the division it creates. This is about every American's ability to pursue his or her American dream. Without liquidity in the marketplace, financial transactions just come to a halt. That will create a complete collapse of our financial system as we know it.

So the need to act has become clear. Treasury Secretary Paulson has asked for the authority to purchase illiquid assets from financial institutions in an attempt to get the markets functioning again.

With that authority comes great responsibility, and Congress has an obligation to the U.S. taxpayers to ensure that any program is crafted and carried out with appropriate oversight.

Congress should consider limiting executive compensation in any package we discuss. Congress will have to engage in active oversight of Treasury as they implement whatever plan we ultimately approve. So there should be no blank check, and there will be no blank check.

Let me also mention I am very pleased to learn of ongoing investigations into the activities of Fannie Mae, Freddie Mac, AIG, and Lehman Brothers. This is the worst financial crisis our country has encountered in recent history, and we owe it to the taxpayers to get to the bottom of any wrongdoing that may have occurred. That is welcome news. The American people ought to be reassured by the fact that there is not going to be any whitewashing of wrongdoing when it comes to this very serious crisis.

We need to prosecute any inappropriate behavior on the part of these companies to the fullest extent of the law. If we are going to have to fix this problem, those who created it need to be held accountable.

After the dust clears, Congress cannot lose sight of one of the main reasons we are so heavily encumbered by this crisis—why our financial system is so deeply troubled at this moment in time. Fannie Mae and Freddie Mac were huge contributors to the problem because of their thin capitalization, ever-expanding portfolios, and risky practices. I add to that, that was made possible by weak regulation, by the kind of regulatory scheme designed by Fannie Mae and Freddie Mac so they

could keep doing business as usual, so they could continue to make the political contributions and continue to run the Congress as they wished. I recall on more than one occasion we were trying to push that legislation that Senator DOLE originally sponsored, which I was proud to cosponsor with JOHN MCCAIN, so that we would have an effective regulator over Fannie and Freddie. It was really about Fannie Mae was not going to go for that, so that meant it was dead on arrival and we could not get it done. As they were able to have their say in terms of the type of regulator they wanted, then they were able to create the kind of crisis we have come to today.

They fueled and funneled the risky securities that Wall Street bought and sold and made lots of money, while ignoring the systemic risk that move posed to the financial system.

In 2003, when I was HUD Secretary, I came before the Congress with Treasury Secretary Snow and warned of the loose regulation of the GSEs and the risk posed by their undercapitalization.

We asked Congress to create a world-class regulator to properly provide oversight to these financial entities that had become so large that they had an implied guarantee of the Federal Government, and they were deemed too big to be allowed to fail.

In 2005, Federal Reserve Chairman Alan Greenspan told the Congress how urgent it was for it to act, and he said in the clearest possible terms, if Fannie and Freddie “continue to grow, continue to have the low capital that they have, continue to engage in the dynamic hedging of their portfolios, which they need to do for interest rate risk aversion, they potentially create ever-growing potential systemic risk down the road.”

Well, we are now at the end of that road. As we go forward, not only will Congress have to determine the future role of these entities, we need to take a very close look at the practices that brought us to this place.

Throughout all of this work, we cannot lose sight of the root cause of this financial debacle—the housing crisis. What are we going to do to avert an ever-deepening housing crisis? When we ask Secretary Paulson what is the reason we are where we are, obviously, the lack of regulatory scheme appropriate for Fannie and Freddie is part of it, but they say that mortgage-backed securities continue to have no value. The markets for mortgage-backed securities, which has essentially locked down the entire lending system of our country—and I daresay the world—came about as a result of the deepening crisis in home prices, the fact that home values continue to decline, so mortgage-backed securities continue to have little or no value.

So what are we doing in this scheme that we are discussing to avert an ever-deepening housing crisis? How are we going to try to put a floor on those declining home values that are creating

the type of crises in mortgage-backed securities that brought us to this brink of complete financial collapse of our financial system?

Floridians are among the hardest hit in the Nation. Our State is suffering mightily because of the deepening housing crisis. I have, for a long time, been saying, as we talked about a stimulus package some months ago—and we got them out the door and a lot of families have been helped by that, and I voted for that package—I said then: What are we doing not to treat what is apparent in our economy, which is that people are hurting, but the root cause of the pain, which was the housing economy? The fact is, folks who work in home construction are out of work, homebuilders are not being able to keep their employees going and give them the health insurance they provided for them, and we have that entire cycle in the homebuilding industry that is, today, not working as it should, which is providing us with the kind of economic pain so many Floridians are feeling.

In addition, we have people now in foreclosure or are facing it. That will continue, as will the decline of neighborhoods. As the neighborhoods decline, the communities decline. How are we going to help that situation? I believe it is inevitable that, whether we do it now or later, we have to seriously address the issue of the declining home values. One way of doing it would be to provide a healthy \$15,000 tax credit to those who would invest in a new home and help them with the downpayment by that particular means. That is a solution that I have been advocating that may be of significant help in bringing down the huge inventory of unused homes that we have, particularly in places such as Florida.

Housing prices continue to fall, inventories continue to rise, and a growing number of homeowners are facing their own personal foreclosure crisis.

To find the bottom of the housing crisis, to stabilize prices, we need Congress to act. We can approve home-buying incentives. Congress can approve a tax credit for downpayments. That would at least encourage people to enter the marketplace, would reduce housing inventories, and get the money flowing back into the market.

As Congress debates this package, let's remember whom we work for—the American taxpayer. Our priority should be making decisions that serve their best interests. No blank check, strict oversight, accountability, and taxpayer recourse.

It is in every American's best interest that we act. I look forward to creating the right legislation that averts a financial crisis that will affect every single American—a financial crisis perhaps bigger than the Great Depression. That is what is at stake today.

So this is a moment when we have to get away from the usual partisan rancor. We have to get away from thinking about how we might gain a polit-

ical advantage over the other side. The fact is, we need to put aside the fact that we have an election coming up, put aside all of our differences, and we have to come together—Republicans and Democrats, liberal and conservative—for the good of our country. This is a moment that doesn't call for politics as usual. I believe it is a moment that calls for something a little bigger than that, a little greater than that.

I look forward to working with my colleagues on both sides of the aisle to come up with the best ideas that we can. But at the end of the day, I believe the failure to act would be so cataclysmic, so devastating to our country that we have but only one course, which is to find the best way to get this done, with the right oversight and the right checks and balances, but act we must.

I thank the Chair and yield the floor.
The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I understand we are in morning business.

The PRESIDING OFFICER. That is correct.

Mr. DOMENICI. I ask unanimous consent that I may speak until about 11:45.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE ECONOMY

Mr. DOMENICI. Mr. President, I didn't get the entire message of the distinguished Senator from Florida. The part of the speech I heard talked about us getting together and working as American Senators, not Republicans or Democrats, in this time of crisis. I totally congratulate the Senator. I agree with him and I believe it is imperative that we do something before we leave.

Today, I hear talk that we have a continuing resolution we have to pass, and then we are finished. I am not hearing that from anybody officially, but it is chattering around. That is the big thing to do.

I must say, that is a frightening thought. If we are thinking of leaving here without doing something to give the Treasury Department of the United States some authority to stabilize the credit system of the United States—if we don't do that and spend time doing that, we don't deserve to be called Senators.

It is hard to explain, but when you look at it, credit and the American credit system—call it the banking system if you would like, but I am calling it the credit system—is what makes America's prosperity available to millions and millions of people. It is the credit system that we set up that has given us the greatest standard of living that any people have ever had.

Something is going wrong with that financial system. It is not a question of Wall Street; it happens to be that Wall Street is the center for some of these