on those issues. I learned to respect him greatly.

He led Republicans on public lands issues and forest issues as chairman and ranking member of the Public Lands and Forest Subcommittee from 1995 through 1997. This led to the enactment of the healthy forest bill in December of 2003—I was part of that with him—and the Senate Rural Schools and Communities Self-Determination Act, which was his. I am sure most of the thinking to put it together was his. It was an absolutely stellar bill that got assistance to schools across his State and other Western States that lost some or all of their revenues for their schools because of the curtailment of timber sales in the area. He and the distinguished Senator from Washington worked together to get this done.

Senator CRAIG and I have spent a great deal of time on matters pertaining to nuclear power. Nuclear power is making a renaissance in America. We will soon have many of them built in the United States. We have more than any other country in the world, but we only get 20 percent of our electricity from nuclear power. Countries such as France have gone way ahead of us and now have 75 to 80 percent. Other countries of the world have as well, since America has made its bid, saying: We are going to change our minds, for which I am very proud. I took the lead in that, with LARRY's help, and we have changed America. With it has come a renaissance in nuclear power.

I wish him the greatest success in his retirement. I am sure we will hear from him. He is too young to be quiet. He will be doing something, and we will hear about it.

CHUCK HAGEL

I also wish to take this time to pay tribute to CHUCK HAGEL, the senior Senator from Nebraska, who is retiring after serving for two terms in the Senate.

Senator HAGEL, a fourth generation Nebraskan, has served his State and his country in many ways. He served as an infantry squad leader with the U.S. Army's 9th Infantry Division and is a decorated Vietnam veteran, having been awarded many honors including two Purple Hearts. As a U.S. Senator, CHUCK HAGEL has served on four committees: Foreign Relations; Banking; Housing and Urban Affairs; Intelligence and Rules.

During his time in the Senate, coinciding with mine, it has been my pleasure to work with the distinguished Senator on issues affecting our Nation. I can recall a chance meeting between a member of my staff, one of my constituent groups from New Mexico and Senator HAGEL, in which he took time out of his busy schedule to speak with my New Mexico constituents to offer his insights and share some very kind words. Such a small genuine instance like this made all the difference in their trip to our Nation's Capital.

As I said, when he came here, for some reason, I think I became one of his very first friends. He must have decided that I was a big chairman, and when I went on a trip with the Budget Committee to Europe, I asked him if he would go, and he jumped to it. So we got to know each other during the first 2 or 3 months of his term on a trip to Europe where we learned about the new monetary system that was about to take place in Europe. We did a number of other things together.

Obviously, he has been an exemplary Senator in all respects. He will return to his State and to America filled with ideas and ready to do other things for this great land. My wife Nancy and I wish CHUCK and his family all the best.

WAYNE ALLARD

Now I rise to speak about Senator WAYNE ALLARD from Colorado who announced in January 2007 he would not seek reelection in 2008, keeping his promise of only serving two terms. I would like to thank WAYNE for his service here in the Senate and for his service to the State of Colorado.

In the course of working together with Senator ALLARD for many years on the Senate Budget Committee and more recently on the Senate Appropriations Committee, I have developed genuine respect for Senator ALLARD. We have a lot in common, fighting for the interests of our predominantly rural, Western States. Although we did not always agree, we worked well together, and I valued his commitment to his home State.

Senator ALLARD announced in January of 2007 that he would not seek reelection in 2008, keeping his promise to serve only two terms. Some of us were sorry that he did that. I was one. I would like to thank WAYNE for his service in the Senate, for his service to the State of Colorado, my neighbor.

We worked together for many years on the Budget Committee. More recently, we worked on appropriations. Colorado is my neighbor to the north, and we have much in common in fighting for the interests of much of our rural way of life that Western States have. At the same time, we have growing metropolises with the problems of transportation and the like, which he has spent much time on. He has supported many things I have worked on. For that, I am grateful and thankful to him today.

He and his wife Joan will return to non-Senate life. I don't know if he is going home. I haven't asked him personally. But wherever he goes, it is obvious he will make an impact.

BANKING LESSON

Mr. DOMENICI. Madam President, I want to give a little history lesson on banking. It is strange that I only served on the Banking Committee 2 years of my Senate life. That was when I filled in. I served and learned a lot. But when this crisis came about, I decided that somebody was going to teach me about what had happened since the Great Depression. So I am going to try to do that as quickly as I can.

First, it is not time for partisan ideological finger-pointing.

Second, there is no plan that can emerge from any set of honest deliberations that will be painless. We are undergoing a massive deleveraging in the finance markets.

Third, I was chairman of the Senate Budget Committee when the Resolution Trust Corporation was formed in order to curb the savings and loan crisis of the early 1990s. That effort was also controversial. I hope the plan that emerges from Congress and the administration does the same for financial markets now. I recognize the difference between the two. The first was much easier because there were many physical assets we could look at and transfer title to, and people could feel assets. I would say that, as a model, that terrible situation ended with the Federal Government making money instead of losing money.

From everything I know about the proposal, the principal proposal put forth by the executive branch through the two spokesmen who have been working 24 hours a day nonstop, the chairman of the Federal Reserve, an absolute expert in this field—it has been said over and over that he knows much about recessions and he knows much about depressions. He wrote his professorial doctorate thesis on the Great Depression. That is why he talks as if he knows what happens in depressions. He has been telling us what will happen if we go into a depression. Then we have the Secretary of the Treasury, whom we all have gotten to know. He apologizes profusely for not being a great speaker, but he has presented a difficult plan and come a long way.

I, for one, hope we come to a resolution soon between Democrats and Republicans and the White House, speaking through their spokesmen, and send a signal to the American people that we know how to take care of the financial markets—not Wall Street, the financial markets—of America. The financial markets, not Wall Street, are plugged. They don't work right now. They don't run. They are filled with toxic assets. We have to get the toxic assets out or else we will have no liquidity in the financing system.

Some say the basic problem goes back to 1933 and the so-called Glass-Steagall Act that separated investment banking from commercial banking. Some say that, to the contrary, if Glass-Steagall were still the law of the land, we wouldn't have the problems we now confront. Both sides cite great scholars, economic theorists, and market gurus, but both Democrats and Republicans voted for the original Glass-Steagall. In 1999, under the leadership of President Clinton and Treasury Secretary Rubin, Glass-Steagall was repealed. Now many say that repeal of Glass-Steagall has caused the problem.

I should note that Republicans controlled the Congress then and Democrats controlled the executive branch. Both parties played a role.

Some contend that the problem goes back to 1977, when Congress passed the Community Reinvestment Act requiring that financial institutions finance home purchases to borrowers who were historically deemed unlikely to pay back the loans. The theorists say that when politicians try to determine who is a good borrower, both the borrower and the lender will suffer. I think we will look back on this effort to save the system and that conclusion will become a reality. Let me repeat. Some say that when we try to determine who is a good borrower and make a determination rather than letting the market make the determination as to who is a good borrower, we both suffer. Those who lend the money don't get paid, and those who buy don't get what they bought. That is sort of what has happened here. Many of those became the toxic assets that we are now talking about. The Reinvestment Act, which both Democrats and Republicans voted for, was an act that attempted to push loans that were questionable in terms of whether the people buying could ever pay them off.

Some say we should have seen this coming. They note that the savings and loan crisis came not too long after the Garn-St. Germain Act of 1982 that loosened regulation of savings and loans in America. The law drew the support of both Democrats and Republicans and was signed into law by a Republican President. This argument says that when regulation of Government-insured money loosens, the odds that extremely risky behavior will occur increases.

During the last 10 years, as regulation of markets decreased, globalization of markets increased. More and more complicated and model-driven financial products were invented, and regulators clearly lost the ability to analyze risk and to step in when necessary. Many believe the Long-Term Capital Management debacle was an early warning that financial mathematicians in the marketplace had gotten ahead of the financial regulators. Warnings about the size and complexity of derivatives of all sorts proliferated. Many policymakers asked aboutthe size and complexity of these derivatives of all sorts and could not get answers and could not understand some of that which they were being told. Many policymakers and regulators assumed that the financial companies themselves would realize that proper risk analysis was in their self-interest and self-regulation would naturally occur. That assumption has proved wrong. Many purchasers of these convoluted products were reassured because rating agencies continued to give so many of them AAA ratings. Instead of going through the extremely difficult process of analyzing each and every component of each and every product, purchasers depended upon the ratings agencies. So some analysts now say it was the rating agencies that failed.

Finally, we all recognize that turmoil plagues all markets worldwide. Many nations and institutions in many countries now own what are called ''toxic assets.'' I have just tried to describe them a minute ago.

Literally trillions of dollars of various complex financial products are held by many banks, investment houses, pension funds, and insurance companies in almost every developed nation. China has had to step in by increasing Government shares of some banks. Russia closed down its markets for 2 days and may spend as much as $120 billion to stabilize its markets. Germany and the United Kingdom have had to devote billions within the last 18 months to try to stem financial contagion. Serious erosion of confidence in financial institutions threatens to freeze credit, with all the disastrous consequences that holds for a financial world built on easy, safe, transparent credit. Now credit is hard, insecure, and opaque.

So, I will not pretend to know if the plan proposed by the administration and some in Congress will solve the problem. Since no one seems to know what shape this plan will take in the end, any predictions seem foolish at this point. I do know that the size of the potential market injury, and the consequences that the working man and woman in this and other nations will suffer, compel serious, strategic sovereign government action. Thus, I believe the warnings of a Federal Reserve Chairman who probably knows as much about the financial consequences of the Great Depression as anyone else in town, and the warnings of a Treasury Secretary who used to head a Wall Street firm that invented many of the instruments that now seem ''toxic.'' If they don't know the severity of this problem, and if they cannot at least give us a plan that will stabilize market behavior until a clearing price for these assets emerges, then I suspect that no one can.

We will pass legislation that I guarantee you will be imperfect. All sorts of objections from various industries and groups have already filled cyberspace, and newspaper space, and air time. Ideological and theoretical objections already fill the atmosphere. It seems to me that the time for such almost theological discussions is long past. As a Senator who has been here a long time, and seen many recessions and market crises come and go, I only know two things: we are all to blame in some form or other; and we need to act now, with a very large, Government-led program, and with all prudent speed.

Madam President, I believe my time is about to expire.

I certainly hope we will pass something like what has been asked of us by the executive branch, with five or six things that clearly are necessary, that we find necessary as representatives of the people, but that we get it done because we must save our own ability to lend money—that is, our system of borrowing and lending—and the rest of the world kind of waits on us also.

So this is truly a big one. As I said to my hometown paper, after 36 years in the Senate, on the last day or next to the last day of my time here, I will vote on the most important issue I have ever voted on, the most complex, and that costs the most—all in one shot. As I leave and walk out, here will be behind me the most difficult issue we have faced as a Nation. It is very hard for our people to understand it, but it is a terrible one.

FERC

Mr. CORNYN. Madam President, I note that the distinguished ranking member of the Committee on Energy and Natural Resources is on the floor. I wonder if I might address a question to my good friend from New Mexico. Many are alleging that one of the root causes of our current financial distress stems from insufficient regulatory oversight of financial markets. That is a criticism which some allege to be applicable to our Nation's energy markets—the theory apparently being that lax oversight has allowed speculators and manipulators to artificially increase prices for oil and gas. Given that you were Chairman of the Energy Committee at the time of passage of the Energy Policy Act of 2005 I wonder if you might want to comment on the regulatory authorities that were addressed in that act. As I recall, EPACT significantly increased the Federal Energy Regulatory Commission's ability to not only oversee markets but to punish manipulation within those markets.

Mr DOMENICI. The Senator is absolutely correct. We enhanced FERC's authority to police and prevent market manipulation and we increased the Commission's authority to levy fines to $1 million per day. It was our thinking that the potential for fines of this magnitude would serve as a meaningful deterrent to market manipulation. While I am a long time supporter of markets, I agreed to the grant of enhanced penalty authority to the FERC as a step to ensure that those markets were conducted fairly, openly, and without the exercise of market power by any of the participants.

Mr. CORNYN. Madam President, I appreciate the comments of my colleague, and I share his sentiment both toward the desirability of markets and the need to ensure that those markets operate fairly and efficiently. My specific inquiry relates to the standard of review which attaches to any enforcement proceedings under these enhanced authorities. While I agree with the need for greater oversight in the operation of these markets, it seems to me that along with its enhanced oversight authority the FERC has an obligation