

Yes, if they used this system of reconciliation, they would take serious risks because they would be subject to something known as the Byrd Rule on public policy, but just the concept that they would be thinking about this is the reflection of their willingness to ignore the concept of bipartisanship which we hear so much about. If you are going to talk about reconciliation, you are talking about something that has nothing to do with bipartisanship; you are talking about the exact opposite of bipartisanship. You are talking about running over the minority, putting them in cement, and throwing them in the Chicago River. Basically, it takes the minority completely out of the process of having a right to have any discussion, say, or even the right to amend something so fundamental as a piece of legislation of this significance. It also, I would note, takes anybody who disagrees, even on the majority side, out of the discussion, anybody who disagrees with the actual document brought to the floor under the reconciliation instructions.

So using reconciliation in this manner, on this type of an issue, would do fundamental harm—fundamental harm—to the institution of the Senate. Why even have a Senate if you are going to use reconciliation on something this significant? You might as well just go to a unicameral body and be like Nebraska: just have one body. It would be the House of Representatives because that would be the practical effect of using reconciliation. It is such a dangerous precedent to set or to even discuss because by discussing it, you basically devalue the purposes of the Senate, which is to amend and debate and have an open forum; one where, as Washington said, the hot coffee can be poured from the teacup into the saucer. The Senate is supposed to be the saucer. It is supposed to be where we get an airing, and certainly on issues of this size we should have it.

So I certainly hope we have no further discussion of the idea of using reconciliation for the purposes of pursuing either a national sales tax on energy called the carbon tax and the policies it would imply for industrial policy relative to energy production in this Nation or for the massive rewrite of health care.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. BOND. Mr. President, I agree wholeheartedly with the warnings issued by my friend, the Senator from New Hampshire, whose service on the Budget Committee has been very valuable, and I hope everyone has taken careful heed of his words for what we need to do in the future.

Mr. President, I ask unanimous consent to proceed as in morning business.

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

AMERICAN CREDIT CLEANUP PLAN

Mr. BOND. Mr. President, I wish to talk about something that is happening at this moment and a problem we have to solve before we even look at what we do in the future. Like so many others—and I assume the occupant of the chair and all of my colleagues have heard the same thing—the phones in my office in the District of Columbia and across the State are ringing off the hook. Americans are outraged that their hard-earned taxpayer dollars are being used to pay bonuses at AIG. Yesterday afternoon and today, there have been countless press reports about these bonuses paid to some of the same people who may have been responsible for putting AIG into this mess. I agree. I, too, am outraged. It is unacceptable to pay bonuses after the American taxpayer was forced to bail out an institution without reforming it—without reforming it—without demanding any changes.

While I share Americans' fury over this latest idiocy, I am, quite frankly, a little surprised to see the President and his Treasury Secretary so outraged by these bonuses when they had the opportunity to prevent them before they gave AIG the latest installment of taxpayer dollars. That is right, the Obama administration could have refused to pay the remainder of the \$170 million in bonuses to failed AIG executives as a condition to providing that company the additional money it sought from the Treasury. Earlier this month, the Obama administration gave AIG another injection of \$30 billion of taxpayer funds to keep this failed institution from failing even further. There is a rat hole, and we have thrown \$170 billion down it.

At the same time, Treasury Secretary Geithner should have and could have ensured that taxpayer dollars wouldn't be used to pay any of these bonuses, but he didn't. This is another example, I regret to say, of the Secretary's failed leadership. When he was President of the Federal Reserve of New York, he had oversight responsibility over AIG, Citi, and other of the major failed institutions. What was done? Obviously, the answer is "not much."

The outrage over the bonuses really, in some ways, kind of misses the point. I believe that capping corporate pay and taking away business and private jets is not enough for the failed executives who got us into this problem. We need to go further. The failed senior executives and the board of directors should have been fired, should have been replaced when the Government first had to step in and rescue the company. Don't throw good money after people who are not running their institutions well.

I can assure my colleagues that if any worker in Missouri or any other State across the Nation drove their company into the ground, they would have been and should have been fired. They wouldn't be receiving a bonus. I

believe this double standard for Wall Street versus Main Street is another reason Americans are so mad about how their taxpayer dollars are being used.

What is particularly troubling is that AIG's intention to pay these bonuses had been no secret, and the administration was completely aware of these payments. Now that Americans are outraged about how their taxpayer dollars are being spent, Secretary Geithner and President Obama are suddenly shocked and outraged as well. The real outrage is their ad hoc and knee-jerk reaction to the crisis. The administration's ad hoc amounts to spending billions—that is right, billions with a "b"—of good taxpayer dollars on the failing banks.

What we really need, as I said last week, is to follow the words of that old country music song: "We need a little less talk and a lot more action." We need to focus on the failing banks and others, and I have laid it out. It is called the American Credit Cleanup Plan. It is really very simple. It uses existing authorities for the banks, existing authorities within the Federal Deposit Insurance Corporation.

There are three main steps that need to be taken: We need to identify failing institutions; we need to remove the toxic assets, protect depositors, and remove the failed leadership; and then return healthy, clean banks or portions of those banks into the private sector and get the Government out of running the businesses. Government doesn't do a very good job of running private business. I hate to say it, but our record in Congress on running our own business is not something one would hold up as an example of good executive management.

Unfortunately, we don't seem to have any executive management in the administration, but we can send the FDIC in to clean up the banks and put the banks back into the private sector—at least in various pieces, whatever is sold off, whatever the market will buy—and let the market judge whether these new institutions, or institutions with these new portions in them, are working. There ought to be discipline in the marketplace. There has been no discipline.

I agree with Americans who don't want to see their tax dollars going to failed executives at AIG or any other failing institution. Our plea is stop throwing good tax dollars at bad banks. The zombies should not be propped up without being cleaned up. We have well-established principles. We need bold action that fixes the root problems and a clear exit strategy in mind such as the American Credit Cleanup Plan. Get in, take out the bad assets, protect the depositor if it is a financial institution, clean out the boards of directors if need be, and put the bank or parts of it back in the marketplace.

It is time the President and the Treasury realize that throwing good

money after bad is not the way to solve this crisis. We saw in the late 1980s and 1990s where prompt action cleaned up the savings and loan crisis. It was actually savings and loans and banks. They went in, cleaned them up, sent them out, and the economy recovered.

Japan tried what we apparently are trying to do now. They spent a decade throwing more Government money at failing institutions, and what did they get? They got a decade of stagnation. There is no reason for that to happen to us when we know how it is done.

I have talked to Bill Seidman, who ran that operation. I have talked with former Chairman Greenspan and the presidents of the Federal Reserve of Kansas City and St. Louis, and they all say the same thing: Get in, clean them up, get the toxic assets out, get the Government out of running the banks and telling them where they spend their money and where they don't. Get them out and the economy will recover because the credit crisis will clear up. Until we do that, we will see more and more wasted dollars.

I have talked with the leadership, and I hope they will bring up a measure I have cosponsored along with the chairman of the Senate Banking Committee, Senator DODD, as well as Senator CRAPO, to give a line of credit to the FDIC to do its vital cleanup work. They should expand their powers to go after bank holding companies if they are in bad shape. If we can pass that, they will have an additional tool. The FDIC has the basic tools. There is expertise there. Let's use the expertise and clean up rather than flooding these zombies with more dollars.

Mr. President, I thank the Chair, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SCHUMER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AIG BONUSES

Mr. SCHUMER. Mr. President, I will speak on a letter that myself and a number of colleagues are sending to the head of AIG, and I believe a few other colleagues will be here in the next half hour to speak on the letter as well.

I rise today to express my outrage and the outrage of the American taxpayers at the bonus payments the American International Group intends to make to the employees of its Financial Products division.

Yesterday, we learned that AIG is in the process of paying \$165 million in bonuses to the employees of its Financial Products division as part of the plan that will pay them \$450 million in bonuses by the end of 2009.

This is disgraceful, this is unacceptable, and it is an offense to millions of hard-working Americans whose tax

dollars are the only reason AIG continues to exist as a going concern.

Today, I rise to assure you, the leadership of AIG, my fellow Americans, and my colleagues, that we intend to do everything in our power to prevent those payments from being made and to recoup the money that has already been paid. As of now, eight of my colleagues and I have joined in a letter to Edward Liddy, the chairman of AIG, demanding that he renegotiate these contracts, and letting him know that we will not stand by. If Mr. Liddy does nothing, we will act, and we will take this money back and return it to its rightful owners—the American taxpayers. We will take this money back by taxing virtually all of it. So let the recipients of these large and unseemly bonuses be warned: If you don't return it on your own, we will do it for you.

In the letter, joining me are the majority leader, Senator REID; secretary of the caucus, Senator MURRAY; Senator KLOBUCHAR; Senator CARPER; Senator LINCOLN; Senator MENENDEZ; Senator JOHNSON; and the occupant of the chair, Senator BEGICH. The number is growing, and I believe many other people will put their names on the list.

In the past year, we have learned much about the reckless behavior within our financial system. No firm was more reckless than AIG. What they did was not only irresponsible but, from a business perspective, it was immoral. They took what was a very solid, well-made business that sold insurance to individuals and firms around the globe and turned it into a gambling den that they used to enrich themselves. They sold credit default swaps and other derivatives to all comers as though they were playing with monopoly money, but it was real money. When their deals went sour, when they actually had to pay, they had nothing with which to pay anyone.

As Warren Buffet said, "When the tide goes out, you see who is swimming without a bathing suit on." The leadership of this unit of AIG was doing just that.

Just this month—in fact, less than 3 weeks ago—AIG reported that in the final quarter of 2008, as a firm, it lost \$61.7 billion. Let me repeat that. In a single quarter—in just the last 3 months of 2008 alone—this firm lost over \$60 billion. That is by far the largest single quarterly loss in corporate history. For all of 2008, AIG lost \$99.3 billion, nearly \$100 billion. Nearly all of those losses were caused by the actions of the employees of the Financial Products division. But, yesterday, we learned the firm intended to pay nearly \$165 million in "bonuses" this year and a total of \$450 million in bonuses over the next year for the employees in the very same unit—not only bonuses but performance bonuses—a performance bonus for a firm that lost \$100 billion.

I will repeat that. This is a performance bonus for a firm that lost \$100 billion. If anything defines "Alice in Wonderland" business practices, this is it. It boggles the mind.

In the past 6 months alone, the American taxpayers have been forced to commit over \$170 billion to AIG. If the Government had not stepped in, if it had not repeatedly acted to fill the hole in the financial system created by this firm and these employees' behavior, AIG would have been bankrupt. All these employees would have received nothing—zero.

We keep hearing that AIG is contractually bound to pay these bonuses; that if they don't, these supposedly talented people—those whose talent created this disaster—will leave. Here is what I would like to know from Mr. Liddy: Did he even attempt to renegotiate these contracts? Did he approach these individuals and point out to them the health of AIG and the condition of the United States and global economies and their own culpability in creating this mess? Did they respond by saying: I don't care, I want my bonus? Is that what Mr. Liddy is suggesting?

Well, Mr. Liddy, I urge you to fix this mess because, let me tell you something: We are all fed up. If you don't fix it, we will.

Here is what we are doing: My colleagues and I are sending a letter to Mr. Liddy informing him that he can go right ahead and tell these employees who are scheduled to get bonuses that they should voluntarily return them because, if they don't, we plan to tax virtually all of it. He should tell these employees if they don't give the money back, we will put into place a new law that will allow us to tax these bonuses at a high rate so it is returned to its rightful owners—the taxpayers.

For those of you getting these bonuses, be forewarned: You will not be getting to keep them.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. KLOBUCHAR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. UDALL of New Mexico). Without objection, it is so ordered.

Ms. KLOBUCHAR. Mr. President, in the past few days, we have learned that the American International Group—known as AIG—has awarded \$165 million in bonuses to its high-end employees—the employees of its Financial Products group. These are people responsible for the fancy wheeling and dealing that nearly destroyed the company and wreaked havoc on our entire financial system.

The American public is outraged by the arrogance and the abuse of taxpayer funds, and so am I. I was just in my State, where there are people barely holding onto their homes, people who have had their hours cut, and who are just one step away from their home going into foreclosure or from losing their car, and now we learn this today.

Last year, under desperate but necessary circumstances, the U.S. Government had to rescue AIG from total collapse. This was done not to rescue the company itself but to rescue our financial system. AIG would not even continue to exist today except for the infusion of \$170 billion in taxpayer funds. The American people now own essentially 80 percent of the company, and AIG is supposed to be doing everything possible to right itself. Well, they haven't.

There is no rational way to justify these bonuses to people who have caused untold damage to our economy. This is not pay for performance, it is pay for failure, which makes no sense at all. Why should they get the golden parachutes when their company and our financial system have been crashing to the ground? The bonuses these individuals are receiving for their failure is more than most Americans make in a lifetime. The American people simply should not be in the position of rewarding the failure of high-flying Wall Street bankers who brought their company and our economy crashing down.

That is why I have joined today with Senator SCHUMER and other colleagues in writing to Edward Liddy, the chairman and CEO of AIG. We are telling him if these bonus contracts are not renegotiated immediately, we will offer legislation that will have the effect of making American taxpayers whole. AIG needs to step up and do the right thing. But if AIG doesn't take action on its own to correct this outrage, we stand ready to take the difficult but necessary step of enacting legislation that would allow the Government to recoup these bonus payments through the Tax Code.

If we are forced to do this, we will impose a steep tax, possibly as high as 91 percent, that would, in effect, recover nearly all the bonus money. Now, I am like most Americans; I don't like to see taxes raised. But in this instance, I think all of us can make an exception. If they refuse to do the right thing, then it is only fair to impose this kind of tax against the people who have done such great harm to our financial system. They can't walk away with millions of dollars.

They may be laughing all the way to the bank right now, but if AIG can't or won't fix this problem, these people will soon be crying all the way to the tax office. These people seem to think they can operate with a height of arrogance and irresponsibility. This is not just a business outrage, it is a moral outrage.

I am also concerned that in addition to the bonuses already handed out, AIG has plans to spend an additional \$450 million in bonuses over the next 2 years. Based on what we know now, can we trust that these bonus payments go to the people who deserve it—the people who fix the problems rather than people who just make the problems?

AIG is set to go into the history books as a company that symbolizes

the type of greed and recklessness that has weakened our economy. Where I come from, we reward those who work hard and play by the rules and we take responsibility when we screw up. I believe the administration and Congress should do everything in their power to block these payments and demand accountability.

Now, we know this is also an insult to the many good, strong, healthy financial institutions across this country—the small banks such as those we have in Minnesota; healthy financial institutions that didn't engage in these high-flying dealings that shouldn't be punished. Their stockholders shouldn't be punished because of what companies such as AIG did.

As a prosecutor for 8 years, I dealt with criminals all the time. I have to say the white-collar crooks were often the worst to deal with because they claimed their crimes were an honest mistake and that there weren't any victims. As far as I am concerned, it didn't matter if someone stole with a crowbar or a computer or that they committed their crimes in a nice office or out on the streets, they need to be held accountable under the law.

Time will tell, and the Justice Department and other prosecutors and police will sort this financial wreck out to see when and where crimes were committed, but it is clear that what we need is accountability. If AIG's leadership won't demand it, we will.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mrs. LINCOLN. Mr. President, I rise to join some of my colleagues to express our deep frustration with the financial institutions that have made the very poor decision of handing out multimillion dollar bonuses at taxpayers' expense—AIG being the latest in the line of continuing irresponsible behavior coming from Wall Street.

I have hard-working families—and there are hard-working families all across this great Nation—who are saying: Enough is enough.

This is not the kind of behavior Americans should be accepting at this time. It is completely irresponsible. Times are tough and people are sacrificing. People all across this country are sacrificing. Many employees in my State are seeing their hours cut or they are finding themselves out of work altogether. How are they caring for their families? They are working hard to look for that next job to put dinner on the table or to get their kids to school or making sure they can keep their families together.

I have talked to recent retirees who have been devastated because the nest egg they have been saving all these years has been slashed by 40 or 50 percent in just a matter of months. Now they are having to dramatically downsize their quality of life or go back to work, if they can even find work. I met a gentleman this weekend who is beginning to have college-age

kids. He spent his entire life working to save for those college funds only to find that in these last several months they too have been slashed in half.

These people are realizing the impact of what is happening not only in our country but globally. They are standing up as Americans. They are willing to make sacrifices. They are working hard to keep body and soul together. But it is absolutely, unequivocally totally unacceptable for failed financial institutions that have received taxpayer assistance to be rewarding their employees with bonus payments at this time. It is outrageous and it will not be allowed.

We are the stewards of the taxpayers in our States and of the dollars we have provided in good faith as an investment in these companies to try to make sure they, too, can make ends meet. But this isn't making ends meet—handing out tremendous bonuses to just a select few. It is absolutely irresponsible.

During the debate of the recovery package, Senator WYDEN and Senator SNOWE and myself offered an amendment that put an excise tax on bonuses and financial institutions that had received TARP dollars. We did so because we feared this very thing would continue to happen. Unfortunately, our proposal was taken out of the package in the conference. So I am pleased to hear many of my colleagues who are now in agreement that something must be done to correct this travesty.

Make no mistake, if these companies handing out multimillion dollar bonuses do not rectify the situation, do not change their ways, we stand ready to work to enact legislation that recoups these tax dollars and these taxpayers' funds. Our taxpayers have worked hard and they are suffering as much as anybody else. But we do not need to see these major corporations and financial institutions that are handing out these unbelievable enhanced bonuses at a time when we should all be pulling together, pulling together to make our economy strong, to set it back on track and to make sure we can embrace and continue the kind of quality of life that all Americans need to be able to realize.

I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 12:30 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. BURRIS).

REVOLUTIONARY WAR AND WAR OF 1812 BATTLEFIELD PROTECTION ACT—MOTION TO PROCEED—Continued

The PRESIDING OFFICER. The Senator from Washington is recognized.