

less likely to have long-term survival after colorectal cancer, childhood leukemia or a kidney transplant than they are in Canada—that bastion of rationing.

None of this means that reducing health costs will be easy. The comparative-effectiveness research favored by the former Senate majority leaders and the White House has inspired opposition from some doctors, members of Congress and patient groups. Certainly, the critics are right to demand that the research be done carefully. It should examine different forms of a disease and, ideally, various subpopulations who have the disease. Just as important, scientists—not political appointees or Congress—should be in charge of the research.

But flat-out opposition to comparative effectiveness is, in the end, opposition to making good choices. And all the noise about rationing is not really a courageous stand against less medical care. It's a utopian stand against better medical care.

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 I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. HAGAN). Without objection, it is so ordered.

Ms. COLLINS. Madam President, I ask unanimous consent that I be permitted to speak as in morning business for 15 minutes.

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

#### FINANCIAL REGULATORY REFORM

Ms. COLLINS. Madam President, moments from now, President Obama will unveil his administration's long-awaited proposal to restructure and reform our Nation's financial regulatory system. I wish to take a few minutes to share my initial reactions to some of the most important features in the President's plan.

At the outset, let me say the President and his financial team deserve considerable credit for tackling this critical issue. It is important that all of us recognize how critical Federal financial regulatory reform is and that we not put this issue off until some distant future. When the present crisis is behind us—something we all hope will be sooner rather than later—other issues will demand our attention and calls for reform, I fear, will begin to fade. If that happens, our financial system would remain flawed, and these flaws must be corrected or they will emerge, once again, in the future to threaten our prosperity and to imperil financial markets.

In several aspects, the President's financial reform proposal parallels legislation I introduced in March to fundamentally transform our Nation's financial regulatory system. The bill I introduced would create a council of financial regulators to act as a systemic risk monitor. The bill would also re-

quire stronger safety and soundness standards and would close the loophole on the regulation of credit default swaps. It would eliminate the Office of Thrift Supervision, among other provisions.

There is widespread consensus that we do need a system, a measure for reviewing systemic risk. We need to have one entity that is responsible for looking across the financial markets and financial institutions and identifying regulatory black holes and high-risk practices or products that could put our financial markets at risk. For this reason, I am pleased the administration is proposing the creation of a council of regulators to ensure that many perspectives and areas of expertise are brought to the table.

As we know now from bitter experience, we do not have, currently, any entity charged with evaluating risk across the financial spectrum. As a result, we saw institutions take on far more leverage than was appropriate. We saw exotic new derivatives that were poorly disclosed, not well understood, and lightly regulated, if at all, develop over the last few years and imperil our financial markets. So it is critical that we have an entity—and I believe a council of regulators is the best entity—to look across the financial markets rather than having each regulator view its regulatory responsibilities and regulated entities through a narrow prism.

To my mind, the President's decision to rely on a council model makes his proposal far more practical and effective than alternatives which would have required the restructuring of most or all of the financial agencies that currently oversee the financial system. The effort to achieve that kind of massive change and consolidation would take many years to implement. As the experience in the United Kingdom demonstrates, it would be no guarantee that our Nation's economy would be shielded from systemic risk, even after such a consolidation were implemented.

Under the legislation I have introduced, a financial stability council would be the primary entity responsible for detecting systemic risk and taking action to protect against that risk. While I am pleased the President has chosen the council of regulators model as well, I differ with his proposal to have the Secretary of the Treasury serve as the head of the council. Instead, I believe the council's chairman should be independent of any of the regulatory agencies serving on the council and that it is important that that chairman devote his or her full energies to that role and not have other important responsibilities.

It is also important that individual be subject to congressional oversight, be presidentially appointed, and Senate confirmed.

I do believe, however, that the President made the right choice in not assigning this role to the Federal Re-

serve. That is a model that has been discussed, that perhaps the Federal Reserve should take on the responsibility of the systemic risk monitor. The Chairman of the Fed would be a member of the council, I have advocated, and, of course, the Nation's top banker would play a critical role in how the council discharges its responsibilities. But, in my view, the Federal Reserve already has plenty on its plate—including, after all, the conduct of monetary policy—and should not be distracted from those primary responsibilities by being asked to lead the new council.

There are several other important provisions in the President's plan on which I would like to comment. First, with respect to the too-big-to-fail problem, my bill would give the council the authority to make sure large financial institutions do not imperil the system by imposing higher capital requirements on them as they grow in size or raising their risk premiums or requiring them to hold a larger percentage of their debt as long-term debt. The President also proposes that the council play a role in setting these requirements. We have to get away from the problem we have now where we create a moral hazard. A firm knows if it becomes big enough and engages in sufficiently risky processes or practices, Uncle Sam is going to step in and bail that institution out. That is exactly the wrong message for us to be sending.

It is astonishing to me that our regulatory system was so lax and had so many gaps in it that we could have this huge market in credit default swaps arise where they were regulated neither as a security or as insurance; that we can have a situation where a large firm such as Bear Sterns has a leverage ratio that exceeds 30 to 1 and no regulator is stepping in; that we can have all of those kinds of problems. That is what we have to act to prevent.

The approach to too big to fail is one we have to undertake carefully, however. I don't think it makes sense to put some arbitrary limit on how big a firm can get, but I do believe that with increased size should come increased scrutiny by the regulators and higher capital requirements.

The TARP congressional oversight panel has adopted a similar position. As the panel has explained:

We should not identify specific institutions in advance as too big to fail, but rather have a regulatory framework in which institutions have higher capital requirements and pay more on insurance funds on a percentage basis than smaller institutions which are less likely to be rescued as being too systemic to fail.

Second, I support the idea of requiring that lenders keep some "skin in the game" when dealing in asset-backed securities. One of the big problems with the current system is risk has become divorced from responsibility. The mortgage broker gets paid for finding the client, placing the loan with a financial institution, and then has no further obligation. The financial institution that is underwriting the loan

ends up selling it on the secondary market so, again, it has no further obligation. This system goes on and on and on. So I think the President is right about requiring everyone along the chain to have a financial interest in the ultimate health of the mortgage.

Since last spring, the Homeland Security and Governmental Affairs Committee, of which I am the ranking member and Senator LIEBERMAN is the chairman, has held a series of hearings on the roots of the present financial crisis. One problem consistently raised by the experts is the fact that asset-backed securities allowed lenders to sell their loans to investors and thereby avoid the risk that borrowers might default on these loans. That encouraged looser lending standards, and led to the boom and ultimately the bust in the housing market.

I understand the ability to sell those loans gives more liquidity and allows for additional mortgages to be made. But I think if you required the lenders to retain an interest in the loan, they are going to have more at stake when it comes to the financial security of the loan and, indeed, whether the loan should have been made in the first place.

Third, I am intrigued by the President's proposal to reform the role played by credit rating agencies. I am deeply concerned by the failure of these agencies to provide meaningful warning of the riskiness of investments backed by subprime loans, even after the market's downturn. I am very troubled by the way the system works now, where essentially there is an auction, there is "ratings shopping," and there are conflicts of interest inherent in the system.

Fourth, I support the President's proposal to regulate and bring transparency to the derivatives market, including the over-the-counter market. This is a large, complex market where some companies are trying to enter into legitimate hedging contracts, but other financial institutions have been engaged in a tangled web of interlocking contracts that are extremely difficult to properly evaluate.

The lack of regulation and transparency in this area led to the near failure of AIG, which had engaged in hundreds of these contracts in the form of credit default swaps. As the financial crisis deepened, the American taxpayer was forced to bail out AIG with at least \$70 billion due to the uncertainty of the impact of these credit default swaps on the economy as a whole. But AIG's experience should not be used as an excuse to alter the traditional authority of States to regulate insurance.

It was a noninsurance financial subsidiary of AIG that led to the debacle. AIG's insurance business remained pretty healthy. The problems were in the financial services unit, and I do not think it is a coincidence that unit was regulated by the Office of Thrift Supervision, primarily, which has been long

recognized as the weak sister when it comes to bank regulators. That is why both my bill and the effect of the President's proposal is to do away with that regulator and to have a consolidated regulator.

Fifth, I need to learn more about the President's proposal to consolidate consumer protection for financial products into one agency. The current financial regulatory agencies—whether the bank regulators or the Securities and Exchange Commission or the CFTC—all have an important role to play in consumer protection, a role that has not always been played adequately in the last few years. Is the answer, however, to the problems we have seen simply to remove consumer protection from the bank regulators' responsibilities? I am not sure that is the right response. I think we need to look very closely at this issue.

Finally, I welcome the President's proposal to provide Federal regulators with resolution authority over holding companies and other nonbank financial institutions similar to the kind the FDIC has over banks. This lack of authority presented Federal regulators with a Hobson's choice with respect to nonbank financial institutions such as AIG: bail them out or allow them to fail, notwithstanding the damage to the economy as a whole.

Madam President, let me conclude my comments.

As a former Maine financial regulator, I am convinced that financial regulatory reform is absolutely essential to restoring confidence in our financial markets and to preventing a recurrence of a crisis such as the one we now face.

I applaud the administration for making this reform a priority.

America's Main Street small businesses, homeowners, employees, savers, and investors deserve the protection of an effective, new regulatory system that modernizes regulatory agencies, sets safety and soundness requirements for financial institutions to prevent excessive leverage, and improves oversight, accountability, and transparency. I look forward to working closely with the administration to achieve these goals.

---

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

---

#### TRAVEL PROMOTION ACT OF 2009—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the motion to proceed to S. 1023, which the clerk will report.

The legislative clerk read as follows:

A motion to proceed to the bill (S. 1023) to establish a non-profit corporation to communicate United States entry policies and otherwise promote leisure, business, and scholarly travel to the United States.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Madam President, I ask unanimous consent to speak as in morning business.

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

#### PARIS AIR SHOW

Mrs. MURRAY. Madam President, I rise today to draw attention to an event that is going on across the Atlantic Ocean and how it impacts thousands of good-paying family-wage jobs right here in the United States.

As some of my colleagues know, the Paris Air Show kicked off this week. The air show showcases many impressive displays of aviation, technology, and innovation.

But there is something else that is going to be on display at this year's air show: the fruits of some 30-plus years of direct cash advances and illegal subsidies to the European aerospace company Airbus.

For more than three decades now, the European governments that created Airbus to specifically compete with the United States have aggressively funded, protected, and promoted their venture.

Since 1969, the European governments of France, Germany, Spain, and the UK have supported—the governments have supported—Airbus's commercial aircraft development with over \$15 billion in launch aid. Those are high-risk loans at no- or low-interest, with repayment contingent on the commercial success of the aircraft.

According to the USTR, the amount of launch aid Airbus has received during the lifetime of that company—if it was repaid on commercial terms—is well over \$100 billion.

Such massive, market-distorting subsidies to a private company are today allowing Airbus to offer incentives for airlines to buy their planes. Airbus is a mature company, with more than half of the market for large commercial aircraft. But Europe is still treating it as a company with kid gloves.

In fact, last week, Bloomberg News reported that Airbus is seeking approximately \$5 billion in launch aid from the governments of France, Germany, Spain, and the UK to now fund the development of the Airbus A350. Reports indicate that the deal could be completed within the month.

If we want to keep a strong aerospace industry in America, we cannot let that happen. Every time European governments underwrite Airbus with subsidies, our American workers get pink slips.

If we want to lead the world in commercial aerospace, our message to Europe has to be strong and clear: No more illegal subsidies to prop up Airbus. And Airbus has to compete in the marketplace just like everybody else.

I am deeply troubled that Airbus is considering pursuing now additional illegal, trade-distorting subsidies that, in effect, have caused adverse effects on the American aerospace industry at