It is not a question of whether we are for extending unemployment benefits. It is not a question of whether they have to be paid for. It is a question of who pays for them. For my money, if we can't find $9.5 billion somewhere in this government and say it is a higher priority to extend unemployment benefits and pay for it than whatever that money is used for, then we are not doing our jobs.

My colleague from Illinois suggested that Republicans were responsible for taking us to war and not paying for it. That needs to be responded to. This body voted to go to war. This body supports the troops who are fighting. I assume this body wants to pay them and to buy them the appropriate equipment and that is a top priority of our government. Under the Constitution, the first obligation of government is to protect its citizens. That is the No. 1 priority. We have to spend that money. There are other priorities, but there comes a point when we have to begin setting priorities and say to go to war, we have to do that. That has to be paid for. To do this and this and this, that has to be paid for. But at a certain point in time, we are entitled to ask: Now that we have run out of money, do we want to keep spending or do we find a way for this generation to pay for that spending? That is what we are talking about with the extension of unemployment benefits.

Of course, they need to be extended. We will support that. The question will be, will my colleagues on the other side of the aisle support finding the funds to offset the cost.

This is not without cost. The Coalition of Arizona Business Organizations reinforced the point in a recent letter to my office. They pointed out: The Arizona Department of Economic Security estimates that my State will have to borrow $300 to $400 million from the U.S. Department of Labor between 2010 and 2013 to keep the unemployment fund solvent so they can continue to make payments to beneficiaries.

To make matters more difficult, Arizona employers have already been hit with an average increase of 50 percent in unemployment insurance taxes. This increase has occurred at the very time that businesses are trying to recover. Of course, it can delay economic recovery, and more hiring for businesses the more they have to pay. The message I got from small businesses was, if you want them to start hiring, Congress needs to waive the Federal Unemployment Tax Act penalties, also known as FUTA.

This is a tax that currently averages $56 per employee. But if Arizona were to fail to repay the money the State has borrowed from the Federal Government, it could rise as high as $308 per employee. Obviously, that does not portend more hiring, and it is not what employers need.

The third and final concern relates to lending. Senator MCCAIN and I met with representatives of some of Arizona's smaller banks, community banks. They are being crushed because regulators have been forcing them to raise more capital than they are required to hold, and that undermines economic recovery because they then have less money to lend.

In addition, regulatory guidelines, especially on commercial real estate lending, are hindering new loans as well as the refinancing of existing loans, and existing regulations are discouraging banks from working with borrowers to avoid foreclosure. These banks are being forced to increase capital in an environment in which capital is very scarce for community banks. A more sensible course would be having banks retain more capital when times are good and easing up on those requirements when times are bad.

The effect of the bank regulators' actions is not just denial of loans to those who should not get them—and there are some who should not be refinanced—but even to more creditworthy individuals and businesses. As a result, businesses can't invest and grow, which is what they need to do to create jobs and improve the economy.

The bottom line is a lot of things Washington is doing have hurt small businesses, the engines of job creation. Americans are not happy about this. Jobs should be our No. 1 priority. Congress has the tools to create a better environment for job creation. I am not talking about labeling every spending bill that comes up as a jobs bill. It means listening to what job creators are saying, not punishing them with a tidal wave of new taxes and regulations.

The ACTING PRESIDENT pro tempore. The Senator from Florida.

Mr. NELSON of Florida. I ask unanimous consent to speak for 15 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXTENDING UNEMPLOYMENT BENEFITS

Mr. NELSON of Florida. Mr. President, the American people are asking: Why can't those guys get together up there and get something done? They are asking: Whatever happened to common sense? They say: People are out of work. Why can't you extend their unemployment benefits? All of this is what the vast majority of the American people are saying. Yet we allowed, over 2 weeks ago, unemployment compensation to cease for certain people hurting in this country. It is important for us now to temporarily extend unemployment benefits, as well as the ability for someone who is out of work to continue their health insurance coverage through what is known as the COBRA program. These important programs expired. We are going to have a procedural vote later today.

As is typical in the Senate, we don't get to the actual, substantive vote today. We vote on a motion to proceed, and we have to cut off debate with a motion to cut off debate, called a motion for cloture, just to get to the motion to proceed to get to the bill. But that is what has taken place today. We will get it done. We will use the better part of this week going through all of this parliamentary falderal. When they call the final roll, we will get it extended.

But why can't we get together? Why did one Senator, over 2 weeks ago, hold up the whole works on something so obvious? Folks are hurting in most of the country. They certainly are in my State. Over 40 percent of Florida homeowners are under water on their mortgage. The banks are pulling back on credit to small businesses. When you get right down to it, the blame for failing to temporarily extend this eleemosynary help, this commonsense help to people who are hurting, falls solely at the feet of the Congress because we couldn't get it together, through our parliamentary rules.

Our people are hurting. It is our responsibility to extend these programs to provide some little pittance for people who can't get work and financially have a desperate need. Unfortunately, for many Americans these benefits are the only thing keeping food on the table as they struggle to find a job and make financial ends meet.

I certainly hope we are not going to let these programs lapse again. There are encouraging signs in the economy, but unemployment always lags the recovery of other parts of the economy. Therefore, we need to give some little measure of stability to these people, these poor families out of work, instead of us continuing to have partisan gamesmanship that we have seen so often over the course of the last couple months.

FINANCIAL REFORM

Mr. NELSON of Florida. Mr. President, after the extension of unemployment benefits is accomplished—and we will get it done—we will take on financial reform. Remember back, the failure of Lehman Brothers and the near collapse of our financial system and, as a result, the passage of $700 billion of taxpayer money to bail out Wall Street? Back in the fall of 2008, the break down in our financial system fueled one of the worst economic downturns since the early part of the last century. The stock market plunged. The credit and capital markets froze, and real economic activity took a nosedive.

While we are seeing some slight improvement in both the markets and the economy as a whole, too many people remain unemployed and underemployed. In Florida, the unemployment rate has surpassed 12 percent. The unemployment rate in Florida is now the sixth highest in the country. Since the crisis began in the fall of 2008, a lot has happened. We elected a new President. We passed an economic recovery bill. We passed health reform. We passed an enhanced home buyer tax credit. We passed several measures of tax relief for small businesses. But there is one thing we have yet to do that is at the top of the list; that is, to try to help clean up Wall Street and our excesses in the financial system. We owe it to taxpayers so they do not face another $700 billion bailout in the future. Never again should we use taxpayer money to bail out reckless and freewheeling Wall Street bankers.

Our colleagues on the Banking Committee have put forth one proposal. It includes a new consumer financial watchdog. It also includes new rules for the regulation of derivatives—those things that have fancy names such as credit default swaps, which are insurance policies on losses that you would have in other investments. Listen to what one of the richest people in the world, the sage of Omaha, Warren Buffett, says. He refers to all of those very clever financial instruments as ''financial weapons of mass destruction.'' That is Warren Buffett. If there is one lesson from the former Goliath insurance company, AIG, it is that we better get serious about regulating derivatives.

The Banking Committee bill includes new rules for liquidating large financial institutions when they become insolvent. It tightens rules related to capital requirements, liquidity, and the use of leverage. But when the Banking Committee bill comes to the floor, we must strengthen and improve the legislation to rein in the greed that ran amok, that nearly brought down our entire financial system altogether. Of course, we can expect a vast army of lobbyists who will descend to protect various financial fiefdoms from these new transparency and accountability rules.

I will offer a number of amendments on the floor. I want to mention one today, the Wall Street Compensation Reform Act. This bill I have already introduced, and which I will offer as an amendment, hopefully will restore some sanity and common sense to executive pay practices on Wall Street.

The legislation is simple. It encourages large banks and financial institutions to adopt widely accepted compensation practices. Banks that fail to adopt those standards would lose the benefit of certain tax deductions. They could no longer deduct the large compensation payments they make to highly paid employees.

I have read with astonishment the recent reports that Wall Street banks continue to pay outlandish bonuses to undeserving executives. Many of these institutions—and this is what gets your blood pressure going up—are still living on taxpayer-funded life support.

In most business professions, executive pay will follow performance. Managers and executives usually are rewarded for creating lasting value. Unsuccessful managers and executives are shown the door. But apparently these basic commonsense principles have been lost on a lot of the Wall Street firms. This year, Wall Street bonuses were in the range of $150 billion. Eighteen months after the fall of Lehman Brothers, it is back to business as usual for the major banks.

We have been here before. We had the same debate last spring when AIG paid those absurd bonuses to the financial traders who managed one major accomplishment: They drove their company into the ground. Although we had lots of legislation introduced, Congress again failed to act. The army of lobbyists descended to make sure that was the case, and here we are again.

I daresay there is almost a unanimous recognition that poorly crafted executive pay practices at major financial institutions contributed to the near collapse of the financial system—what ultimately brought about the $700 billion taxpayer-funded bailout.

The general counsel of the Federal Reserve Board has testified that compensation practices in the banking sector were a contributing cause to the crisis. In January, the Federal Deposit Insurance Corporation found that ''excessive and imprudent risk taking remains a contributing factor in financial institution failures and losses to the Deposit Insurance Fund.''

Current pay practices encourage excessive risk taking because short-term gains are heavily rewarded even if they are unsustainable. The negative consequences of severe losses in a company are often externalized and shifted to the shareholders or to the public.

The Federal safety net for financial institutions encourages traders and executives to take unnecessary risks. The most obvious example is the $700 billion Wall Street bailout. Executives who should have left without their shirts instead left with golden parachutes.

Real and meaningful financial reform must include changes to the existing compensation culture in the finance industry. And, oh, are we going to get resistance as we put forward this idea.

Under the amendment I am going to offer, major banks and financial institutions could only deduct their large executive compensation payments if the pay complies with rules that focus on rewarding long-term performance. The principles were developed by the Financial Stability Board, the council of major central banks. The Federal Reserve was instrumental in developing these compensation principles.

Under the amendment I will offer, tax deductions for major banks and financial institutions are going to be conditioned on the following: compensation payments over $1 million must be performance based and at least half of the performance-based compensation must vest over an extended period of 5 years or more. This is going to tie compensation not only to performance but to long-term performance.

Another part of this amendment requires that, for executives at public companies, at least half of the performance-based compensation must be paid in employer stock. Compensation agreements for top executives must include a claw-back provision that retracts the deferred compensation in the event of ethical misconduct. Also in the amendment, compensation agreements must prohibit employees from engaging in personal hedging strategies, such as compensation insurance, that undermine the very risk alignment principles we are creating.

This amendment creates a new and meaningful executive compensation disclosure requirement in order to empower the company's shareholders and the company's investors to hold banks accountable for what they pay their senior executives.

The special interests certainly are going to argue that Congress should not get involved in compensation decisions. They are going to say the private marketplace knows best. They are going to argue if Congress passes measures like this, Wall Street is going to pack up its bags and move to greener pastures abroad.

Unfortunately, right now, what the market knows is that big, short-term gains lead to big bonuses, and big losses lead to taxpayer-funded bailouts. Enough of this. We are going to have the opportunity to take real steps to reform compensation practices. It is my hope—perhaps naively so—that the Senate would unanimously approve this concept. It will not be unanimous, but I believe we can get 60 votes to break a filibuster, and I think we can pass it. The American taxpayers' funds are at stake.

Mr. President, I yield the floor.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MOMENT OF SILENCE

Under the previous order, there will now be a moment of silence in solidarity with the people of West Virginia on the loss of the miners in the Massey Energy mine disaster last week.

(Moment of silence.)

Mr. REID. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is now closed.