

## RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, leadership time is reserved.

## CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, morning business is now closed.

## CONTINUING EXTENSION ACT OF 2010

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of H.R. 4851, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 4851) to provide a temporary extension of certain programs, and for other purposes.

## Pending:

Baucus modified amendment No. 3721, in the nature of a substitute.

Coburn amendment No. 3726 (to amendment No. 3721), to pay for the full cost of extending additional unemployment insurance and other Federal programs.

Coburn amendment No. 3727 (to amendment No. 3721), to pay for the full cost of extending additional unemployment insurance and other Federal programs.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma is recognized.

Mr. COBURN. Madam President, I appreciate Senator REID working with us. We are going to try to work through the amendments we have left today and hopefully get this taken care of tonight. Our intent has not been to slow down but to pay for this.

I wish to discuss amendment No. 3726, which has already been called up and is pending. I don't believe there is another pending amendment at this time; is that correct?

The ACTING PRESIDENT pro tempore. Amendment No. 3727 is also pending.

Mr. COBURN. That is my amendment as well. Thank you.

Yesterday we defeated, by a vote of 51 to 46, actually smart financial management that would have paid for all the costs for the next 60 days for the unemployment insurance. What we were doing was utilizing money that we are already paying interest on that is sitting, not being used, by taking a portion of that to pay for this so that we don't go and borrow another \$18.2 billion. The wisdom of the Senate said, no, we don't want to do that.

We are going to have today two other opportunities on a way to finance that. This amendment basically takes the agreed-to tax loophole, which we agreed to before we left for the spring work period, and adds to that half as much of the financial management money that I recommended we do yesterday and the amendment was defeated. So we have about \$9.5 billion worth of tax loophole closures that we

have already agreed to in this amendment and \$20 billion, which will save \$10 billion in terms of the way CBO scores it—it is ridiculous the way they score it, but in terms of the way they score it, we have to move \$20 billion so we can save \$10 billion.

The point is that we get an option: we can borrow another \$18.2 billion to pay for this or we can take money we are already utilizing very inefficiently and pay for it. We are going to choose not to do it again, and we will probably get another 46 or 47 votes. But we are going to choose to transfer the cost of helping people today to our grandchildren because in my lifetime we are not going to pay back any of this money. We are going to be borrowing and paying interest on this \$18.2 billion over the next 30 years. So the cost really isn't \$18.2 billion; it is \$18.2 billion times 6 percent, times 106, times 106, times 106. It will end up costing our kids \$60 billion or \$70 billion because we are going to refuse to pay for something we ought to be doing.

What we are also not going to do is make tough choices about priorities, as every family in this country has to do. We are going to refuse to do that. We are going to say we are going to keep the bad habit, the thing that got us \$12.85 trillion in debt, the thing that got us \$75 trillion in unfunded liabilities. We are going to continue that process. We are going to continue that process until such time that we can no longer borrow the money. That is what it seems like to me. In other words, only until we cannot go to the world markets and finance debt against our children's future are we not going to change the habits in the Senate or in the Congress.

Of every dollar we spend this year, 43 cents will be borrowed. What are the long-term consequences of that? Very plainly speaking, it is a lower standard of living for those who follow us, a marked decrease in opportunity, a loss of freedom, an inhibition in entrepreneurial spirit, and truly an unwinding of what was the gift that was given to us, which was this great opportunity and this great freedom.

We don't often make the connection between freedom and debt as a government, but we do personally because when we are highly in debt as individuals, our choices start to get limited. If you are in a business that has a high degree of debt, your choices are limited by those who loan you the money because they start getting involved in your decisionmaking process.

If you really look at our foreign policy today, that is happening to us with what we are trying to do in terms of sanctions on Iran. What are the two nations that own the most of our debt and are also least likely to agree with us on harsh sanctions for Iran? They are China and Russia. They are the No. 1 and No. 2 holders of our bonds. So we are giving up tremendous flexibility and freedom.

I put forward that if we cannot find \$18.2 billion in our Federal Government

as we run it today, which will spend over \$4 trillion this year, none of us need to be here. We need a whole new 100 Senators if we cannot find \$18.2 billion. But the institutional stodginess of always doing it the same old way is inhibiting us from creating a bright future for our children.

I won't detail the exact tax loophole closures we have, but we have agreed they can be utilized for this purpose—Senator BAUCUS, Senator REID, Senator MCCONNELL, and myself—and they come to a total of \$9.756 billion. To properly manage our money instead of having money sitting that has been appropriated but not obligated—and there is almost \$900 billion sitting out there this year in the agency that is not utilized—to not utilize that money is foolhardy.

My hope is that my colleagues will consider at some point in the future that we have to start making harder choices.

I understand the bias against it. It eliminates somebody's control of power. But where should the power be in this country? Should it be in the Senate or should it be in the American people?

Do the American people want us to pay for this? Absolutely. Five to one think anything we are doing new we ought to be paying for. Yet it is going to skid through here today, and we are going to add another \$18.2 billion over the next 60 days that we do not have to, but we are going to choose specifically to do so.

I wish to leave with one last point on this amendment. When we say there is nothing else that we can eliminate in the Federal Government to pay for this legislation, what we are saying is all the waste, all the fraud, all the duplication is more important than helping people with unemployment insurance. If it was less important, we would eliminate it and pay for the unemployment. But by not paying for it, by not making the choice to pay for it, what we have said is we have elevated everything else above this as a priority. We refuse to do what every other business, what every other family, what every other organization, except the Federal Government, has to do; that is, make tough choices.

In my State of Oklahoma, the legislature and the Governor right now are making tough choices. They are going to cut several hundred million dollars from our budget. I promise you, they are going to look at what is least important so they can continue to fund what is most important. We will have none of it. We have demonstrated none of it. We lack the character and courage to do what is best for the future.

## AMENDMENT NO. 3727

Now let me talk about amendment No. 3727, which is, again, another opportunity, another way to pay for this good thing we want to do. It also has two components.

The first component utilizes the agreed-to closure of tax loopholes of

\$9.7 billion. But then it gives us a real chance to do some real good things to eliminate spending that is low priority.

There are 14 spending provisions that I propose eliminating in this amendment. Many have been endorsed by President Obama and President Bush and, before him, President Clinton. In the past 3 months, the President has endorsed five of these offsets, the House passed four of them, and the Senate passed one identical to one section in section 203.

What is the first one? According to the Government Accountability Office, we paid out \$1.1 billion to dead farmers. That is over the last 7-year period. Forty percent of those payments were people who had been dead more than 3 years. Most people in America would say: Maybe you ought to eliminate that. Maybe farmers who have been dead for more than 3 years should not continue to get payments from the government. It will save us \$1.1 billion over 10 years if we hold the Department of Agriculture accountable to not continue to make payments to people who are not deserving of them.

We recently passed a Feingold amendment to the FAA bill that rescinds any DOT earmarks that remain 90 percent or more unobligated after 9 years of being appropriated, with the possibility of holding funds one more year for earmarks the agency head believes will be funded within the following 12 months.

The only difference between what we passed and this amendment is that this section applies to all agencies, not just the Department of Transportation. The Secretary of the Department of Transportation endorsed the Feingold amendment.

If it works for the Department of Transportation, why would we not do that everywhere on earmarks? It is \$500 million in savings immediately. We cannot quantify through the CBO what it will be in the future, but it will probably be at least that every year.

Another section is the President's request to eliminate a duplicative bus grant program. This would repeal the Inner-City Bus Security Grant Program. President Obama recommended this \$12 million program be eliminated because the grant awards are not based on risk and it is duplicative of the Public Rail Transit Security Grant Program that is already out there and much less important than any other homeland security priorities. It saves us \$120 million.

In other words, the President does not want it, the Department of Transportation does not want it, but somebody who is getting that grant somewhere is going to say: No, we cannot do that, even though there is a duplicative program already in place to take care of it.

Section 235 of this amendment would repeal the Resource Conservation Development Program. President Obama recommended this \$51 million program be eliminated because it has outlived

its need for Federal support. It was first begun in 1962 as a temporary program. It was intended to build community leadership skills through the establishment of RC&D councils that would access Federal, State, and local funding sources. These councils are now up and running—secure funding with continued operation without any money coming from RC&D. It saves \$510 million. Why would we continue to spend the money? The President, the leader of our country, agrees with it. It has been voted on several times. But it will be voted against today because somebody somewhere is still sucking off this in a way that is not efficient and is not a priority for the country.

Section 236 would repeal the Brownfields Economic Development Initiative. President Obama recommended this program be eliminated because it is duplicative of a larger, more efficient Federal program, and local governments have access to many other public and private funds that address the same purposes.

This was designed to assist cities with redevelopment of abandoned, idle, and underused industrial and commercial facilities where expansion and redevelopment is burdened by real potential environmental contamination. They eliminated almost all of those, and we have a better program now taking care of it, which goes back to the habits of Congress. We create new programs to address the need of what some may think the present program is not doing rather than change the present program.

Here the administration, as well as the Bush administration, agreed we should eliminate that program. That is \$180 million over 10 years.

Section 237: This provision would repeal water and wastewater treatment projects administered by the U.S. Army Corps of Engineers. President Obama recommended eliminating these projects. They are duplicative, and they are outside the scope of the Corps of Engineers. That is what private civil engineering firms do. They plan, build, and organize these events. The Corps of Engineers has stated they do not have the expertise to do these projects, which the Environmental Protection Agency normally funds through other grants in the Revolving Fund Loan Program.

Since these programs were first funded in 1992, they have been exclusively funded through earmarks. In other words, somebody put something special in for one city or one place through an earmark. It may not be the highest priority for the country. It may very well just be a priority for the State, but it has been exclusively funded through earmarks, special interests, lobby-generated earmarks. It saves \$1.29 billion over 10 years.

Section 238: This provision would repeal the Rail Line Relocation Program. President Obama has twice recommended eliminating this program because it is not merit based—in other

words, if you are well connected, you get it, but if you have a real need and somebody else has a lower need, you are not going to get it—and it duplicates other Federal programs that are larger and that are merit based.

The grant program is primarily earmarked, again; 75 percent of it gets earmarked every year. What happens is the administrators of the grants do not get the grants based on need and merit because a Senator has already said it will go here instead of into a pool of the greatest need. Again, duplicating an existing program that is more efficient, that is based on merit. It is a slush pot of money for earmarks.

We will hear lots of complaints about eliminating that program, even though the administration wants to get rid of it as well. Savings: \$340 million.

Section 239: Enacting rescissions offered and passed by the House leadership. This would rescind \$112 million from a Commerce Department program designed to provide coupons to households to help people buy analog-to-digital converter boxes. This has been used. The program is not going anywhere because everybody has converted. Why should we continue to put money out to a program that nobody is going to utilize? That money was used for an offset for a summer job youth program already this year but did not come here. Estimated savings: \$115 million.

Section 241: Enacting the USDA nutrition rescissions amendments offered and passed by the House leadership. This would rescind almost \$362 million of unobligated reserved stimulus funds for the WIC Program. This offset was selected because it was identified by the House appropriators and they unanimously voted to use these funds to offset another program.

It is obviously a low priority. It is a reserve fund. It has not been utilized. It is sitting there, and we need to eliminate it rather than borrow the money.

There are three or four other sections. There is a next-to-final section on Federal real property disposal. We have 21,000 buildings we own that we do not use, but yet we do not have a clear way to allow government agencies to dispose of property.

Last year, on these 21,000 buildings that we cannot get rid of because we have created a block to do so, we spent \$8 billion maintaining them, even though we are not using them. We could sell those, we could give them to the States, we could do a lot of things that would immediately save us \$8 billion. But if we sold them and we saved \$8 billion a year, over the next 10 years that is \$80 billion, not counting anything we might get for selling them. We might have some costs associated with razing some of them.

According to the Office of Management and Budget, 46,745 buildings that are underutilized with a total value of the ones we should be selling are worth \$83 billion. We are going to hear people

say: You can't do that; you can't sell those buildings. Why? Why would we borrow money when we could sell buildings we are not using for \$83 billion? Almost enough in properties that we do not need and are having to maintain to pay for this entire bill. The estimated savings this year alone from starting this would be \$4 billion—just from starting it—that process would save us at least \$4 billion this year.

Section 244: What we know is, at least 28 Federal programs, totaling over \$9 billion, support job training and employment. Eighteen of these programs fall under the Labor Department's jurisdiction, and the agency spends \$130 million administering its training and employment programs. We have 18 programs rather than 1. We are spending \$130 million just to manage them—this is just inside the Department of Labor—rather than have one job training program with one set of administrators and not duplicating that administrative cost all the way across the board. Savings is probably \$100 million to \$130 million annually. There is well in excess of \$22 billion to \$24 billion in this second amendment—No. 3727.

So the question becomes this, if we continue down this road: Fair to our kids, fair to us because the Senate refuses to act responsibly?

Oh, I have heard the harsh rhetoric: You don't care about people who are unemployed because you think we ought to pay for it. You know, I think there are two sets of people we ought to be caring for. I think we should be caring for the unemployed, making sure they have sustenance and their needs fulfilled, as long as they qualify. But I think we should care about those who are going to follow us, those who are going to have to pay back this \$18.2 billion. Are they not both important, especially when we know we waste, through fraud and duplication, \$300 billion a year in the Federal Government? I have just come up with \$20 billion of it.

We have enough fraud, waste, and duplication in the Federal Government to pay for this the whole rest of the year, to pay for the war supplemental that is getting ready to come, without borrowing another penny against the backs and future opportunities and freedom of our children.

I am pretty cynical about whether we are ever going to do that. I think the American people will have to change who is here before we will ever get to the point where we are going to make the hard choices that families have to make. But I think that is a fight worth having to protect our future. I think it is a fight worth having for my grandkids and everybody else's grandkids.

I was born in 1948, right after the end of the war, and we had the highest debt ratio we have ever had in this country. But because we had a limited government, what happened was we moved greatly and expanded both growth op-

portunity, innovation, and wealth through the hard work and great character and spirit of the American people, and we handled that. We can do that again. But we can't do it if we don't have the leadership that is necessary to do it. We have to start sometime to start paying for what we are doing. We have to start making choices. That is a rare occasion in Washington, but it is one I sense the American people are going to start demanding.

I have been working at this for 5½ years, or almost 5½ years. I have not made much progress other than to make sure the American people are informed of the absolutely atrocious amount of stupidity, waste, and duplication that goes on here. It is time we act. And since the majority controls the outcome, and they will let a few Senators vote for these amendments, we will get a high number of them, but not enough to make a difference.

So the question we ought to be asking is, What is so wrong with trying to pay for what we are doing? Well, we have always done it as an emergency. We have always charged it to our kids. Well, we haven't always been \$12.8 trillion in debt. We haven't always been to the point that in 2010 we are going to have a debt-to-GDP ratio of 90 percent, which means we are going to have about \$20 trillion in debt, and that is going to suppress and depress our economy by 2 percentage points in terms of growth. We have never been here before in terms of the risk to our economy.

I see the chairman of the Finance Committee here, and I will close by saying we are going to start doing this. The question is when. The question is, Should we be doing it when we are in control or when the bankers outside of America are in control—the sovereign nations outside who will tell us how we do it and what we can't do, just like what is happening in Greece today. The leadership in Greece is making decisions not because they want to but because they have to. They are not necessarily nice choices for the people of Greece. That can and will happen to us if we don't change.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Montana.

Mr. BAUCUS. Madam President, yesterday, the Senate tabled the amendment offered by the Senator from Oklahoma by a vote of 51 to 46. That motion to table was successful, and shortly I will move to table the two pending Coburn amendments. The Senate should reject these two amendments offered by the good Senator from Oklahoma for the same reasons the Senate rejected the other amendment yesterday.

The Senator makes basically the same argument for each of his three amendments. They appear to be pretty much a set in terms of amendments. The Senator argues this emergency temporary extension of unemployment insurance benefits is the place to draw

the line. It is the place to draw the line on which we need to take a stand to balance the budget.

Madam President, I agree with him the Nation should turn to serious budget negotiations. Our high budget deficits are unconscionable and must be addressed. We should balance the budget over the life of the business cycle. We should balance the budget as quickly as we possibly can. But we should not balance the budget while in the grips of the worst recession since the Great Depression. Doing that would only put more people out of work.

I might say, Madam President, that at a hearing held yesterday by the Finance Committee, the well-known economist Mark Zandi, who was an adviser to Presidential candidate JOHN MCCAIN, volunteered that this is not the time to draw that line in terms of deficit reduction. We should not force people who are unemployed to bear the brunt of offsets at this time. This is not the time to balance the budget, now that we are facing this recession.

I might also point out that we should not balance the budget on the backs of unemployed Americans who, through no fault of their own, are struggling to get by in this recession. They need these unemployment benefits, and if we were to adopt the amendment offered by the Senator from Oklahoma, first of all, it would be a mistake; and second of all, it would have to go to the House, and the House has said they wouldn't accept it. So for another couple of days people who deserve unemployment insurance benefits would not be getting them.

This Congress failed to act some time ago. As a consequence, unemployment benefits have expired and people who deserve unemployment benefits are not getting those unemployment benefits. Again, if we were to adopt the Coburn amendment and send it to the House and have it come back, then it would be a longer period of time that people who are waiting for their benefits would not be getting them.

It is just wrong for Congress not to have passed this extension a short while ago. It is wrong, but it is something that happened so we are here trying to correct it. Hundreds of thousands of Americans are already going without unemployment insurance benefits because we have not passed this bill. Hundreds of thousands more will go without unemployment insurance benefits if we do not pass the bill this week.

I will repeat myself: If we were to adopt either of the Coburn amendments, the House of Representatives has made it clear they will simply send it back to us again without the Coburn language. So adopting either of these amendments would simply further delay the needed aid to unemployed Americans struggling to get by. So I urge Senators to vote for the motion to table so we can temporarily extend the benefits that so many people justly deserve.

Madam President, I yield the floor, and 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. BAUCUS. Madam 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.

Mr. BAUCUS. Madam President, I ask unanimous consent that at 12:10 p.m. today, the Senate proceed to vote in relation to the Coburn amendment No. 3726, to be followed by a vote in relation to amendment No. 3727; that prior to the second vote, there be 2 minutes of debate equally divided and controlled in the usual form; that no amendment be in order to either amendment prior to a vote in relation thereto; further, that the time until 12:10 be equally divided and controlled in the usual form.

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

Mr. BAUCUS. Madam President, I yield such time as she may consume to the Senator from New Hampshire.

The ACTING PRESIDENT pro tempore. The Senator from New Hampshire.

Mrs. SHAHEEN. Madam President, I rise today to join so many of my colleagues in urging that we pass critical extensions of Federal unemployment benefits, the COBRA health insurance subsidy, flood insurance, and other vital programs that expired at the end of March.

I applaud my colleagues on the other side of the aisle who, despite opposition from their leadership, have joined us in moving this legislation forward. But despite the progress we seem to be making, these extensions have been held up too frequently for too long, and the American people deserve better.

Sadly, twice this year individual Senators have blocked extensions of Federal unemployment benefits right as the programs were about to expire. Those actions have put struggling families at risk, and already this month over 200,000 Americans have lost their benefits, with another 30,000 losing their benefits every day until we pass an extension. What is of particular concern is that we continue to deal with filibusters and delays and obstruction, even though almost every Member of this body says they want to extend unemployment. After weeks of delay, when extensions finally come up for votes, they have passed overwhelmingly.

We have had three situations now where this has occurred since last fall. In November, when the vote on extending unemployment benefits finally came to the floor, that vote was 97 to 1. In December, when the extension came to the floor, the vote was 88 to 10. In March, it was 78 to 19. Given those majorities, I do not understand how

the other side of the aisle can justify obstructing votes on these issues in the way they have.

As important as this short-term extension is, the Senate must do more to address the long-term challenge of joblessness. Of the 15 million Americans who are out of work today, nearly 6 million—so more than 1 in 3—have run through the 6 months of benefits provided by their States. In fact, the average period of unemployment currently stands at a record high of nearly 8 months. We need to pass a longer term extension to provide some stability for the millions of people who are going to need unemployment benefits in the months to come. I applaud Senator BAUCUS who has been working to try to bridge this gap.

While some people may think it is no big deal to wait a week or two, even short-term expirations have damaging results. When State workforce agencies are forced to shut down and restart complicated Federal benefits programs, they experience huge backlogs in their systems that delay getting checks out the door, even to people who are not affected by the expiration.

Phone lines at call centers are jammed with claimants holding up others from filing for benefits while lines at one-stop centers get longer and longer. In the best of circumstances, individuals who lost their benefits during this expiration will have to wait weeks before they begin receiving checks again. That is a very long time when you are supporting a family on an unemployment check.

There is also the uncertainty and the fear that comes when parents open the mail to find a notice that, although their benefits are supposed to last for months to come, this is the last check they are going to receive. Families cannot afford to make the responsible choices to budget and plan for the future when we cannot guarantee the future of their benefits and of their safety net.

The fact is, when somebody is unemployed, it is an emergency in their family. We need to treat this situation, extending benefits, as an emergency in our Federal programs as well.

I want to conclude by sharing a letter I got from one of my constituents named Jo Ellen, who is from Canterbury, NH. She wrote:

On April 3, my State unemployment benefits maxed out. I am in my 60s, a nurse and psychotherapist who has been out of work since the end of December 2009. Seeking work constantly, I am getting no responses from employers, probably due to my age. I have worked my entire life caring for others. My husband's salary is much lower than what I brought in, but I have never had to rely on others. Unemployment checks are allowing us to at least pay our bills. It plays havoc with one's body and psyche, affecting one's health and causing monumental anxiety when a vote is taken on a monthly basis to extend benefits. It is the never knowing for sure. Those of us who are in this situation are hard-working citizens who have come upon bad times. I cannot believe you won't take care of this horrendous situation immediately.

Unfortunately, like so many in this Chamber, I have received dozens of e-mails and letters and phone calls in the last 2 weeks from Granite Staters such as Jo Ellen. Unemployment benefits allow them to take care of their families, to fill up their gas tanks so they can go out and look for work. But the obstructionism that has kept us from passing meaningful long-term extension of unemployment benefits is having real effects on the financial, physical, and mental health of our communities. Jo Ellen is right; it is horrendous.

I am hopeful we are finally going to see agreement from the other side of the aisle that we can move this legislation forward, that we can extend unemployment benefits for those thousands of people who are losing them every single day.

The ACTING PRESIDENT pro tempore. The Senator from Montana.

Mr. BAUCUS. Madam President, how much time remains?

The ACTING PRESIDENT pro tempore. Six minutes remain.

Mr. BAUCUS. Six minutes? I yield six minutes to the Senator from Illinois.

The ACTING PRESIDENT pro tempore. The Senator from Illinois.

TAX DAY 2010

Mr. BURRIS. I thank the distinguished Senator from Montana. I hope I can do my brief remarks in 6 minutes.

It is tax day, I say to the Senator. I hope your taxes are filed.

Madam President, as my colleagues and the American people are undoubtedly well aware, today is tax day.

Across the country, hundreds of millions of people are filing their returns, paying what they owe or calculating the refunds they will receive.

Now, even in the best of times, paying taxes is not something most Americans look forward to.

In fact, in the wise words of George Washington, "no taxes can be devised which are not more or less inconvenient and unpleasant."

But even Washington and the other Founding Fathers recognized that taxation is a necessity—and that paying taxes is every American's patriotic duty.

When they are levied—not by some tyrannical monarch across the ocean, but by a representative government—taxes are "the price we pay for a civilized society," in the words of Oliver Wendell Holmes.

It is the only way a modern government can function.

We are each asked to contribute a percentage of our income, and in return we expect our government to provide certain essential benefits:

A strong, highly-capable national defense. Adequate roads, bridges, and other infrastructure. Quality schools.

Emergency responders, so there is someone to answer the phone when you call 911.

Basic regulation and consumer protections, so you can buy food and other

products without fear of getting sick or suffering injury.

A safety net to help you get back on your feet in tough economic times.

All of these programs and services are supported by our tax dollars.

They serve functions we cannot perform for ourselves—and it is appropriate that the government steps in to fulfill this role.

That is why my Democratic colleagues and I are fighting Republican obstructionism to extend unemployment insurance and other benefits people desperately need.

And that is why I am proud to report that, this year, roughly 70 percent of Americans will get a tax refund.

But even so—my colleagues and I are all painfully aware that, especially in difficult economic times, taxes can be a burden.

They can be hard on families that are already stretched to the breaking point—struggling to make ends meet in the face of pay cuts, reduced hours, or even unemployment.

That is why my Democratic colleagues and I have been working hard to ease the burden on these families.

We have committed ourselves to fight for the interests of working Americans.

Our economic recovery remains fragile.

The national unemployment rate stands just under 10 percent—and in my home State of Illinois, it exceeds 11 percent.

And among minority communities, it is much higher.

Roughly 16 percent of African Americans are currently unemployed, along with 12 percent of Hispanics.

That is why my Democratic colleagues and I have taken action. We passed a sweeping stimulus package that brought us back from the edge of economic disaster.

While Republicans filibuster unemployment benefits, my colleagues and I are fighting to extend them. While they drag their feet on COBRA, we are fighting to increase access to this important program.

And, while they talk about enacting responsible tax policies, Democrats are actually getting it done. We are working hard to make sure that everyone pays their fair share of taxes—but no one is asked to contribute more than they can afford.

This is an issue that has defined our party for many years, especially under recent Democratic administrations:

From the middle-class tax relief provided by President Clinton, to the largest tax cut in American history, which was proposed by President Obama and ratified by my Democratic colleagues and I just last year—time and again, we have proven our commitment to commonsense tax policies.

We have passed fair, targeted reforms and responsible tax cuts for those who need it most. We have stood squarely on the side of the American people, despite what some of my Republican

friends might claim. And in fact, when you examine their record—when you look at the truth behind the Republican rhetoric—it is quite different from what many of them would have you believe.

For decades, Republicans have claimed to be both fair and responsible when it comes to tax policy. But the reality is that they have consistently failed to deliver for the American people.

Since the days of President Reagan, Republicans have slashed tax rates for corporations and the super-rich, while squeezing the middle class for everything they are worth.

This is a country that has always encouraged personal initiative and respected success in the business world. But my friends on the other side are making it harder and harder for ordinary folks to attain prosperity and realize their dreams. It has never been harder to get rich in America—but it has never been easier to stay rich, as long as you can arrange a seven-figure bonus or a golden parachute every time the economy starts to look bad.

But for those of us who can't, Republican tax policies have brought nothing but headaches.

Under President George W. Bush, Republicans passed a massive tax break for the top 1 percent of wage earners, and did little or nothing to help the vast majority of Americans. In fact, this massive tax cut was not even paid for—every penny of it was added directly to the deficit.

So let's cut through the political rhetoric and talk about what this really means.

My Republican friends exploded the deficit by more than a trillion dollars, so they could give tax breaks to the richest of the rich. Now they are expecting us to pay down the deficit using the tax dollars of regular, middle class Americans.

These are folks who did not benefit from the original tax cut—but now Republicans expect them to foot the bill? Not on my watch.

These tax policies are irresponsible. They are outrageous. And the American people have had enough. Even now, my friends on the other side think we should spend even more money we don't have, on people who don't need it.

My Democratic colleagues and I strongly disagree. We believe significant tax breaks should be targeted to middle-class Americans who need help, and that is why we passed legislation that accomplished exactly that.

We believe in responsible tax policy, which asks each and every American to pay their fair share without placing an unfair burden on any segment of the population.

My Republican friends will try to tell you they believe in the same values. So I would urge the American people to ask them: If that is the case, why did every single one of them vote against the largest tax cut in history?

The Democratic record is clear. We believe in American prosperity on Main Street, not just Wall Street.

So I urge my Republican friends to join us in standing up for ordinary folks, not just Wall Street bankers and the richest of the rich.

Unfortunately, taxes will always be necessary, and they will never be pleasant. But if we embrace commonsense tax policies and fight for the principles that have guided Democrats for many years, we can make these tough times just a little bit easier for ordinary folks.

Pay your taxes, enjoy America, and let's make sure that everyone pays their fair share.

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. BAUCUS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. BAUCUS. Madam President, what is the pending business?

The PRESIDING OFFICER. The question is on agreeing to the Coburn amendment No. 3726.

Mr. BAUCUS. I move to table the Coburn amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

Mr. DURBIN. I announce that the Senator from Florida (Mr. NELSON) and the Senator from Virginia (Mr. WARNER) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 48, as follows:

[Rollcall Vote No. 113 Leg.]

#### YEAS—50

Akaka	Franken	Merkley
Baucus	Gillibrand	Mikulski
Begich	Hagan	Murray
Bingaman	Harkin	Reed
Boxer	Inouye	Reid
Brown (OH)	Johnson	Rockefeller
Burris	Kaufman	Sanders
Byrd	Kerry	Schumer
Cantwell	Klobuchar	Shaheen
Cardin	Kohl	Specter
Carper	Landrieu	Stabenow
Casey	Lautenberg	Tester
Conrad	Leahy	Udall (NM)
Dodd	Levin	Webb
Dorgan	Lieberman	Whitehouse
Durbin	McCaskill	Wyden
Feinstein	Menendez	

#### NAYS—48

Alexander	Coburn	Grassley
Barrasso	Cochran	Gregg
Bayh	Collins	Hatch
Bennet	Corker	Hutchinson
Bennett	Cornyn	Inhofe
Bond	Crapo	Isakson
Brown (MA)	DeMint	Johanns
Brownback	Ensign	Kyl
Bunning	Enzi	LeMieux
Burr	Feingold	Lincoln
Chambliss	Graham	Lugar

McCain	Risch	Thune
McConnell	Roberts	Udall (CO)
Murkowski	Sessions	Vitter
Nelson (NE)	Shelby	Voinovich
Pryor	Snowe	Wicker

## NOT VOTING—2

Nelson (FL) Warner

The motion was agreed to.

The PRESIDING OFFICER. The Senator from Montana.

## AMENDMENT NO. 3727

Mr. BAUCUS. Madam President, I might ask my friend from Oklahoma, I think we are—

Mr. COBURN. Go to the vote.

Mr. BAUCUS. Madam President, I yield back my time. I think the Senator from Oklahoma wants to yield back his time so we can go straight to the vote.

I move to table Coburn amendment No. 3727, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Florida (Mr. NELSON) and the Senator from Virginia (Mr. WARNER) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 53, nays 45, as follows:

[Rollcall Vote No. 114 Leg.]

## YEAS—53

Akaka	Gillibrand	Mikulski
Baucus	Hagan	Murray
Begich	Harkin	Nelson (NE)
Bingaman	Inouye	Pryor
Boxer	Johnson	Reed
Brown (OH)	Kaufman	Reid
Burris	Kerry	Rockefeller
Byrd	Klobuchar	Sanders
Cantwell	Kohl	Schumer
Cardin	Landrieu	Shaheen
Carper	Lautenberg	Specter
Casey	Leahy	Stabenow
Conrad	Levin	Tester
Dodd	Lieberman	Udall (NM)
Dorgan	Lincoln	Webb
Durbin	McCaskill	Whitehouse
Feinstein	Menendez	Wyden
Franken	Merkley	

## NAYS—45

Alexander	Cornyn	LeMieux
Barrasso	Crapo	Lugar
Bayh	DeMint	McCain
Bennet	Ensign	McConnell
Bennett	Enzi	Murkowski
Bond	Feingold	Risch
Brown (MA)	Graham	Roberts
Brownback	Grassley	Sessions
Bunning	Gregg	Shelby
Burr	Hatch	Snowe
Chambliss	Hutchison	Thune
Coburn	Inhofe	Udall (CO)
Cochran	Isakson	Vitter
Collins	Johanns	Voinovich
Corker	Kyl	Wicker

## NOT VOTING—2

Nelson (FL) Warner

The motion was agreed to.

Mr. BAUCUS. Madam President, I move to reconsider the vote, and I move to lay that motion on the table.

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

The motion to lay on the table was agreed to.

Mr. BAUCUS. Madam President, for the information of all Senators, I am aware of only one more amendment on this bill. The Senator from Arizona has an amendment on the value-added tax. I am hopeful the Senate can consider that amendment at about 1:30 or so this afternoon and perhaps vote on the amendment shortly thereafter.

I yield the floor.

Mrs. BOXER. Madam President, I supported the motions to table the three Coburn amendments to the Continuing Extension Act of 2010.

These amendments would delay important legislation to provide a short term extension of unemployment and health care benefits to Americans who have lost their jobs through no fault of their own. This bill is critical to families that have bills to pay and are struggling to put food on the table.

Yesterday, I voted to table the Coburn amendment that would have rescinded \$40 billion in unobligated funding. This amendment did not say where the cuts would be made. As the chairman of the Appropriations Committee explained, many important homeland security, national defense, and Veterans Administration priorities could have been drastically reduced or eliminated by this amendment. There is no telling how many jobs would have been lost had this amendment been adopted.

The two Coburn amendments considered today both include funding offsets that have already been included in a bill to create jobs and reduce taxes. This legislation, which has already passed the Senate and is pending in the House of Representatives, would also extend unemployment insurance and health care benefits until the end of the year. Adoption of the Coburn amendment today would jeopardize this critical bill.

Extending unemployment insurance and health benefits are an emergency for those who have lost their jobs. We should come together as a body and pass this bill as soon as possible.

Mr. FEINGOLD. Madam President, it is vitally important that we extend COBRA and unemployment benefits for the millions of Americans who continue to find themselves out of work in the midst of the worst economic crisis since the Great Depression. At the same time, we should work to offset the cost of this additional funding through cuts in other Federal spending instead of passing this debt on to future generations.

That is why I opposed efforts to table three amendments by Senator COBURN that would have offset the additional spending, and was disappointed those amendments were all defeated. In fact, amendment No. 3727 even included two provisions from my Control Spending Now Act, a proposal to cut the deficit by around \$½ trillion over the next 10 years.

While I fully supported the majority of the cuts in this amendment, I did

have reservations about a few of the proposals. In particular, I had serious concerns about the idea of consolidating all federal job training programs. While the amendment would not have cut funding to any of these important job training programs, many of these job training programs serve specific populations of Americans, such as dislocated workers or young adults, and are carefully tailored to serve the unique needs of those workers. Nonetheless, the principle of taking steps to balance our Nation's checkbook is one I fully support.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. CHAMBLISS. Madam President, I ask unanimous consent to speak for up to 10 minutes as in morning business.

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

## FINANCIAL REGULATORY REFORM

Mr. CHAMBLISS. Madam President, last month the Senate Banking Committee reported out a bill to overhaul the financial regulatory system in this country—a bill that was, unfortunately, designed to invite Republican opposition from committee members, as evidenced by the party-line vote on reporting it out. At that time, I felt some sympathy for my Banking Committee colleagues who wanted to play a role but were shut out of the process.

As the ranking member of the Agriculture Committee, we have a history of producing bipartisan legislation. We always respect each other and seek to forge compromise in the name of advancing good public policy. The chairman of the Committee on Agriculture, Senator LINCOLN, is always more interested in getting the policy right than engaging in partisan debates. So I held out hope that the Agriculture Committee could consider our contribution to the financial regulatory reform legislation in a more productive environment than my colleagues on the Banking Committee faced.

The issues involved in financial regulatory reform are complex, very important, and involve both the jurisdiction of the Banking Committee and the Committee on Agriculture. The Agriculture Committee has a responsibility to ensure that the Commodities Futures Trading Commission continues to effectively carry out its duties, including any new authorities and responsibilities to regulate derivatives that Congress requires.

Before we make a big policy change, we need to ask ourselves whether the solutions that have been proposed by the administration and which are largely reflected in Banking Committee Chairman DODD's bill will even address the underlying problem. Why take a chance in these uncertain times to make legislative and regulatory changes that could possibly make things worse, potentially dry up capital, force the cost of doing business higher, and ultimately even drive these markets overseas?



Let me be clear. I am not proposing a do-nothing approach. In fact, I believe there are a number of ways in which we can more appropriately regulate derivatives, and it is Congress' job to write this legislation. We seek input from the administration and our regulatory agencies, but it is our responsibility to consider their suggestions, take into consideration the opinions of the American public, and put forward that which will become law.

Many businesses that use derivatives and swaps to manage risk in their everyday course of business are concerned that as Congress tries to reduce overall systemic risk in our financial markets—including regulation of over-the-counter derivatives—Congress might actually limit their risk management options. I am not talking about large financial institutions. I am not talking about Wall Street financial institutions. I am talking about businesses that provide goods and services and employment opportunities in each of our States.

These companies are concerned about aspects of the administration's proposal that would require them to clear standardized transactions and execute their transactions on a trading facility. Many of them have told me this would add considerable costs that would be passed along to customers or consumers, or perhaps prevent their businesses from using swaps and derivatives as a risk management tool altogether.

These companies are not antiregulation; they are supportive of increased transparency to the regulator, and they are willing to endure any additional burdens that go along with that. Clearly, the recent past has taught us that the regulator needs more data in order to view and police the entire marketplace, but I am not sure the lesson of the recent market meltdown warrants increased costs to businesses that had little, if anything, to do with creating this financial crisis.

Beyond requiring more transparent market data for the regulators, the Agriculture Committee has been exploring how most effectively to apply greater regulation to swap transactions. If Congress is truly interested in addressing the problem as opposed to politicizing a solution, we can no longer ignore the complexities of these markets. We must devote time to understanding these instruments and their applications. We must seek to understand the legitimate purposes these complex instruments serve for large and small businesses in each of our States. Chairman LINCOLN and I have devoted a great deal of time to understanding the over-the-counter derivatives market, its complexities and its unique and legitimate utility. That is our job as Senators on the committee of jurisdiction.

Unfortunately, our bipartisan negotiations have now been halted due to political influence from the adminis-

tration. It seems that the administration fears a bipartisan deal on any aspect of financial reform legislation. As the Banking Committee members moved toward a bipartisan deal, the administration launched an attack on such efforts, and as Chairman LINCOLN and I were about to conclude our negotiations and release a bipartisan draft on derivatives reform, the administration stepped in once again to shut down the process.

The American public should be aware of what is going on here. Republicans on the committees of jurisdiction have been more than willing to constructively participate in the development of new regulations aimed at addressing what went wrong with our financial system. But the current administration seems more interested in political gain than in addressing this critical issue. It seems that, instead of seeking meaningful reform both Democrats and Republicans can support, the administration is more interested in trying to divert attention away from health care by changing the subject as we head into the election season.

The administration seems intent on going far beyond finding bipartisan solutions to address what caused the financial meltdown, and instead is pursuing reckless policies that could be dangerous for our markets and ultimately our consumers who depend on these markets.

However, it seems to me that the American public is well aware of the financial meltdown, because they live with it every single day. The last thing they want is for Congress to spend months talking about it some more.

I want to be very clear. A week ago, I was prepared to support a bipartisan compromise on reforming our derivatives market—a compromise that I believe an overwhelming majority of the Senate, Republicans and Democrats, could have supported and one that would have been implemented quickly to provide much-needed regulation, and then the White House stepped in and basically said a bill with Republican support is not worth advancing. They want an issue, not a solution, and want to drag this issue into the November elections in the hope that voters will be focused on reforming the financial system and forget about how angry they are about the passage of the recent health care legislation.

I will say one more thing about the regulation of derivatives for folks to keep in mind as this process moves forward, which is that Republicans and Democrats generally agree on the major issues relating to derivatives regulation. We all generally agree there needs to be greater transparency, registration, more clearing, and compliance with a whole host of business conduct and efficient market operation regulations. This is important because it is a 180-degree shift away from current law where today over-the-counter swaps are essentially unregulated.

Within this general agreement that swaps need to go from unregulated to

fully regulated, we have some significant areas of disagreement about whether everyone needs to clear in all instances, and how best to require swaps to be transacted and reported. These disagreements are significant because they involve real burdens and duties, which will result in real costs to businesses and consumers. As Republicans, we want to make sure our new regulations serve a useful purpose.

As we begin the debate on derivatives regulation and Republicans start to get painted—as we have already seen—as the party of Wall Street and against reform, I want folks to know and understand this is disingenuous. Republicans believe there is a need to regulate the currently unregulated swaps market. We support doing so in a way that is responsible and that meets the risk management needs of Main Street.

I remain very hopeful that at the end of the day, we can strike a bipartisan agreement—not just on the title that refers to swaps and derivatives but also on the titles to the financial regulatory reform that deal with regulation, as well as the consumer protection finance agency.

With that, I ask unanimous consent to speak as in morning business.

THE PRESIDING OFFICER (Mr. BURRIS). Without objection, it is so ordered.

#### HONORING OUR ARMED FORCES 1ST LT. ROBERT WILSON COLLINS

Mr. CHAMBLISS. Mr. President, I rise today to honor the life and selfless commitment of 1LT Robert Collins to the U.S. Army and to our Nation.

While many other young Americans his age were headed back to school from spring break, LT Collins died April 7, when an improvised explosive device detonated near his vehicle on the streets of Mosul, Iraq. He was 24 years old.

It is time the American people know a bit more about this young man who sacrificed for his country his life, his family and all his potential, giving up all that he had, and all that he was going to be.

LT Collins was both a native Georgian, and was based in Georgia.

He hailed from the small town of Tyronne in Fayette County, where he played football under the Friday night lights at Sandy Creek High School, where he became a standout student that would take him to the halls of West Point, and where he attended Hopewell United Methodist Church with his family on Sunday mornings.

Later, he became a member of the local American Legion Post 105 in Fayetteville, GA.

For me, the death of LT Collins is particularly sobering. Robert was one of my first nominees to the U.S. Military Academy at West Point in the fall of 2003, and was offered an appointment there the following spring. He graduated from West Point in 2008.

He became one of the stalwarts of B Company, 1st Battalion, 64th Armor Regiment, 3rd Infantry Division based

at Fort Stewart, GA. He deployed to Iraq in the autumn of 2009.

LT Collins served as his platoon's commander. While in Iraq, his unit was charged with improving security and the quality of life for the people of Iraq. He and his men also provided security for the recent, successful Iraqi elections. They were dedicated to the goal of a peaceful, democratic Iraq, and sought to help its people lead normal, safe lives.

It is said that the measure of a man can be taken by what those who knew him say when he is gone. Robert's friends have described him as a man of great compassion, a leader with an excellent personality and an infectious laugh. They say he was always there for friends and family, for when they needed him. They say they are better people for having known him.

LT Collins found his voice in the honor and patriotism of the Army. With both his mother and his father retired Army officers, he was a man with the military in his blood. They both survive him, as does his girlfriend, Nicole, who was Robert's high school sweetheart.

I extend my deepest sympathies to LT Collins' family and friends, and ask that my colleagues—and all Georgians—keep them in their prayers during this time of sadness.

Robert performed his duty courageously, devotedly, without hesitation, without reservations. He was, after all, a soldier.

The world may be occupied with other things on this beautiful spring day, and the media with other stories.

But one of those should surely be the procession that will bring LT Robert Collins' body home today, winding its way from Falcon Field in Peachtree City through downtown Tyrone. It should also be about the Americans who knew him, who will line the roads to welcome him home a final time, recalling the words of A.E. Housman:

Today the road all runners come,  
Shoulder-high we bring you home,  
And set you at your threshold down,  
Townsmen of a stiller town.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. CARPER. Mr. President, I ask unanimous consent to engage in a colloquy with Senator ENSIGN and Senator SCOTT BROWN.

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

#### TRIP TO AFGHANISTAN AND PAKISTAN

Mr. CARPER. Mr. President, last week was the second of 2 weeks of the Easter recess. A number of us took that opportunity to travel to places around the world where our Nation is

involved and has great interests. Senator ENSIGN, Senator SCOTT BROWN, Senator TOM UDALL, and a Congressman from Virginia, the First Congressional District of Virginia, named ROB WITTMAN, and I together visited—it was a 6-day trip—several days in Afghanistan and a couple of days in Pakistan as well, places I suspect the Presiding Officer has been or will be visiting.

I led a similar congressional delegation almost 10 months ago to both countries, Afghanistan and Pakistan. I had gone there right after the President had laid out his strategy for making progress in Afghanistan to restore the rule of law, to make sure the Taliban does not come back into power and provide sanctuary for al-Qaida to launch attacks against us or any other nation.

The President, at the time, my colleagues may recall, said we were going to do a couple of things. He suggested a year ago that we launch a military offensive, almost like a military surge on a modest basis, and we do the same thing with a civilian offensive. What he called for a year ago was to commit an additional 10,000 marines, commit 7,000 Army troops, commit 4,000 U.S. trainers to train the Afghan National Army and Afghan national police, and to also send over about 150 additional Black Hawk helicopters. That would be matched by a civilian surge as well to complement the military increase in resources.

When we were coming out of Afghanistan, we did a press availability with some reporters back home. One of the reporters asked me the question: What is our exit strategy in Afghanistan?

I replied: I think our exit strategy is to implement well the strategy the President outlined in April of last year. That was the additional marines, additional Army troops, additional trainers, additional Black Hawk helicopters for mobility, and the civilian surge to help us with the Afghans; to diversify the economy, the poppy seed trade where they produce enough opium to meet the demands of the world, to help them raise the kinds of agricultural commodities they used to raise to feed themselves and a lot of the folks in that part of the world.

We want to help them diversify their economy with respect to the mining and minerals industry. We want to make sure they would have the opportunity to exploit the oil and gas reserves, which are about three times what was envisioned a couple of years ago; at the same time, on the civilian side, work with the Afghans in cleaning up corruption which is rampant in most levels of Afghanistan and to help them to start developing a governmental institution to provide services, actually serve the people of that country. That is what was laid out a year ago.

I have been joined by Senator ENSIGN. I will yield to him in a moment.

In my mind, when I returned almost a year ago to America, I thought it was

a smart strategy. The key is to implement it well. We met with the Afghans last week, and we had an opportunity to see what we are doing well and not doing well. I think what is key in almost every endeavor I have been part of is leadership.

We spent time with General McChrystal, our top military leader, and Ambassador Eikenberry, who used to be a four-star general and is now Ambassador to Afghanistan. We met with President Karzai and the civilian and military leadership of Afghanistan, as well as the civilian leadership of the United States.

I came home not hopeless, not euphoric, but more hopeful than not that we have the right strategy, that we are beginning to implement it well. We have some 40 other nations involved with us in this endeavor. We are committing the resources to make this strategy potentially successful.

That is my take on it. I yield at this time to the Senator from Nevada, Mr. ENSIGN. I have already asked unanimous consent to engage in a colloquy. I will not ask that again. This is what it is about. It is not a monologue for me. I very much enjoyed the time I spent on the road with my colleagues, especially my colleague from Nevada. I was happy to be his partner and lead the delegation.

Mr. ENSIGN. Mr. President, I thank Senator CARPER. I appreciate him and his staff. Wendy was absolutely terrific in setting up this trip and all the various briefings and places where we traveled in both Afghanistan and Pakistan. I thought we had a great team put together among the Senator from Delaware, myself, Senator BROWN, Senator UDALL, and the Congressman from the First District of Virginia, Congressman WITTMAN, whom I did not know before the trip but with whom I was very impressed.

My general impression of what is going on in Afghanistan—I was initially very skeptical when I went over there. I thought we got an honest assessment. I thought they talked about the positives, the negatives, and the challenges ahead.

I agree with the Senator from Delaware. I was very impressed with both the civilian and military leadership we have in the country. I was impressed with the plan they put in place. The key to the plan, which is very similar to what we had in Iraq, is we have to clear, basically provide security. Then we have to hold that security, not just go and clear and then leave. We have to clear and then hold it. Then we have to build. We have to give people opportunities, economic opportunities, and some reason to hope. Once we build, then we need to transfer the authority to, in this case, the Afghan people, the Afghan Government.

The first part is a lot of our responsibility, although a lot of the clearing and holding is in combination with the Afghan Army. As a matter of fact, I don't think a lot of Americans realize



there have been more Afghan soldiers killed in Afghanistan than American soldiers or coalition soldiers. But the challenge is going to be in the transfer. We saw that the Afghan Army is being built up and trained fairly well.

Two big areas of concern are, one, the Afghan police. It has taken a lot longer to train them than we hoped. We experienced some of the same problems in Iraq. The Afghan police are not even close to being fully trained. There is a lot of corruption in the police. There are a lot of challenges to overcome there, but they are challenges that, given the right plan, given the right amount of time and resources, can be overcome.

Another huge problem in Afghanistan is development of infrastructure. I have heard Afghanistan described as an 18th century or 19th century country. However, one can really describe it as a second century country. There are many parts of it where people are living in mud structures with no electricity, with no running water, with none of the modern conveniences or technologies we think about.

In those areas, and the vast majority of the country, there is no governmental infrastructure. There is no rule of law. There is nothing to build on there. It literally has to be built from the ground up. There is neither a lot of experience not the necessary resources in Afghanistan to do that. That may be the major problem going forward in that transfer that I think the members of the delegation learned while we were over there. It is also why we questioned, when we came back, if we have the right strategy with the best chance of being successful. None of us know whether our strategy is actually going to be successful in the future. But it is worth attempting. It is in our vital national interest to do it. Then we have to pray it is successful in the future.

I think all of us came away thinking the American part of it, the international coalition part of it, will be successful. What we do not know will be successful is the transfer of authority to the Afghan government, the part at the end.

Is that the same impression the Senator from Delaware had?

Mr. CARPER. Mr. President, if I may respond, the Senator summed it up very nicely. One of the things Senator ENSIGN and I and our colleagues discussed with President Karzai and with the military leadership of that country and the civilian leadership of Afghanistan and with our own folks over there is the nature of the economy of Afghanistan. We heard a lot about corruption and heard a fair amount about their agricultural economy, which is largely dependent on raising poppies which feed the opium trade that provides a lot of money selling heroin around the world and to the Taliban and other insurgent groups.

The question on which Senator ENSIGN and I have gone back and forth with our folks over there and the Af-

ghan leaders is, What is likely to be the most successful approach for us to take to eventually stop the addiction of the Afghan farmers to raising poppies? It was not that long ago that they had the ability to raise plenty of wheat and cotton and all sorts of fruits and nuts.

They make a fair amount of money on poppies. One problem is it is an illicit trade. It is an illicit and bogus way on which to base their economy. It subverts the government and corrupts the whole system over there. This is an important issue going forward. How do we help wean the farmers off an illicit agricultural economy to do something they used to do?

We sort of agree we need a tough love approach. We have to encourage and provide opportunities—seeds, fertilizer, advice, tactical assistance—on how to raise the kinds of products they used to raise.

Someone told us in one of our meetings that the people of India, not that far away from Afghanistan, would consume every pomegranate the folks in Afghanistan would raise. There are plenty of big markets and lots of hungry people to buy those commodities. The question is: Do we go out and eradicate all the poppies in the fields like, next week, or do we allow the poppies to be harvested but make it clear that is it? Then, next year we will help folks plant a different kind of crop, but we are not going to stand by next year and allow them to harvest poppies.

It is an issue that I think can be resolved, but I think it is a tough love approach. It is important, if we want to get rid of corruption in the government, in the country, we cannot avoid the widespread effect on it from poppies.

Mr. ENSIGN. If the Senator will yield.

Mr. CARPER. Yes.

Mr. ENSIGN. First of all, we were flying over the Kandahar Province in the southern part of Afghanistan in these Black Hawk helicopters, visiting a few of the forward operating bases—one for training, the other one for trying to provide stability for the region. As we were flying over, it was surprising how many agricultural fields there were in that part of the country. It was a very fertile area, and it seemed to me that 80 to 90 percent of the crops I saw from the air were poppies. This is just an estimate, but it was pretty easy to see them because the poppies were in bloom. They were everywhere, including right next to our bases, because we have stopped the eradication program. There has been a change in policy. This change was the one element of policy which I disagreed with over there. I think we do need to reevaluate, as the Senator from Delaware talked about, this tough love approach. I do think that is the way to go because you do have to have the positive incentives in there to grow other crops. But I don't believe you can do that without the negative con-

sequences if farmers do decide to grow the poppies. In other words, if the positives are not strong enough, they may decide they are going to grow poppies anyway.

A couple problems with the poppies is, one, the Taliban wants to grow them because it helps fund the Taliban; and two, poppies are a very drought-resistant crop and Afghanistan has been in a drought for about 8 years. So growing poppies is a stable source of income for the Afghan farmers.

The other thing the Senator from Delaware mentioned is that other countries in the area would love to have their produce. The problem is getting that produce to market. They do not have anywhere to store the produce. They have a guaranteed market there for the poppies with the transportation. The Taliban is not going to attack their transport, if that is what they are growing. So this is very much a difficult situation, but it isn't a situation that is, I believe, without a solution. I believe we can come to a solution on this, and that is why I think we need to reevaluate what we are doing in Afghanistan by not including eradication as part of the process. Because when we talk about the police—and I see Senator BROWN has joined us, one of our colleagues who was on the trip—there is corruption in the police force. Well, in every country in the world that has a serious drug problem, it leads to corruption in the police, which leads to corruption of any kind of judicial system, officials in the government and on and on and on.

I would be curious to hear from my colleague, our newest Senator, the Senator from Massachusetts, who was a real joy to have with us on the trip.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. BROWN of Massachusetts. First of all, I wish to begin by thanking our leader on the trip, the Senator from Delaware, Mr. CARPER. It was a joy to be on a trip with people who had different experiences, different military experiences, and take that experience and work it together in such a short period of time to form such a powerful team. If this is how every CODEL is going to be, I am excited to be a part of that experience.

This trip enabled me—now that the campaign is over—to learn and make sure that everything we were talking about then was accurate. If that is so, how do we take that and use it in a productive way to give the troops the tools they need to be, No. 1, safe; and No. 2, to finish the job. My analysis is, General McChrystal's effort to do just that—the new combined effort working with the Afghan police and national army, as well as local tribal leaders and our coalition forces in the military—has enabled us, I think, in all sincerity, to have the best chance to do just that; to keep our troops safe and ultimately to finish the job.

What is finishing the job? Finishing the job, to me, and to General

McChrystal and others, is to provide that safety, that security net around the citizenry in Afghanistan, to protect them and to allow them to flourish and start to grow and weed out the corruption and not rely so much on the poppy fields and ensure that they can bring their produce to market or keep their government safe and secure so they can start to be more self-sufficient. Working with our coalition partners, President Karzai, and others, I think gives us the best chance of success.

I wish to thank the team members for their patience. It was a long haul, long flights—12- to 15-hour flights. We weren't partying there, I can assure you. We were there, up at the crack of dawn and going to bed late at night, working with the Ambassadors, the Presidents, the Foreign Ministers of every country we visited. It made me feel, first of all, proud to be an American and thankful that I am an American. In recognizing the true challenges other parts of the world face—and I know the leader of our team will talk briefly about the refugee camp we saw in Pakistan with 150,000 people and kids from 3 years old up to 18 years old in school, with the smiles on their faces, and seeing the hope and the excitement that they were learning for the first time in their lives—it made all of us look at each other and say: Geez, can we come back in August and help out? Because it was so intellectually rewarding, and it made me, and I know other Members, so excited to be there and to see the hope.

What does education do in countries such as Afghanistan and Pakistan? It gives them the tools to make sure they know how to deal with the Taliban and other entities coming in to try to influence their lives. It gives them the knowledge to be able to say no. It is almost like the DARE program, the drug program we have in Massachusetts, where it is the resistance education program where they give you the tools to not succumb to peer pressure and take drugs and make bad choices. When I left that refugee camp, I felt there was hope there.

I will defer to our leader to continue with this conversation.

Mr. CARPER. I see Senator MCCAIN is on the floor, and if I am reading his body language right, it looks like he wants to say something about our visit to Afghanistan and to Pakistan last week. I don't know if he wants to be a part of this colloquy or if he wants us to get out of his way so he can talk about something else, but I yield to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, I just wanted to congratulate my three colleagues for taking that trip. It is of the utmost importance that my colleagues are able to see the situation on the ground, meet with our leaders, meet with the leaders of Afghanistan and Pakistan, and meet with the men and women who are serving in the military.

One thing I know is, the word spreads. The word spreads throughout the men and women of our military that Senators took time from their schedules, from our recess, to be with the men and women who are serving. There is no better way to express our appreciation, but also it is very much noticed by the men and women serving over there.

I know my colleagues come back better informed. Also, as the situation in Afghanistan continues to evolve, we will be much more qualified and informed as we engage in what is appropriate for the Senate to engage in—discussion and debate over our strategy and our goals in Afghanistan.

So I thank my colleagues for going. I thank them for their service. The Senator from Delaware has proven that even a former Navy person can understand the issues that confront the Army and the Marine Corps.

Mr. CARPER. Mr. President, if I can reclaim my time.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. CARPER. Senator MCCAIN, along with Senator BROWN, spent a lot of time in uniform. I know our Senators felt a special pride in our troops who are serving over there. They are serving with troops from 40 other countries, and not all countries send troops. Countries such as Japan sent money. They are quadrupling their salaries so they can hire some decent people and keep them. But in the Army, Navy, Air Force, and Marine personnel we met with, morale was good. They understood their mission, they understood the importance of their mission, and they were proud to be serving. We are very proud to support them.

Before our time expires entirely, I will yield back to Senators ENSIGN and BROWN for any closing comments they want to make, and then I think Senator MCCAIN wants to talk a little.

Mr. ENSIGN. I have a couple of other observations and comments to make. I expressed this to General McChrystal and Ambassador Eikenberry when we had one of our briefings regarding the various aspects of the international coalition including USAID, the State Department, the military, all the members that make up what are called PRTs, provincial reconstruction teams. In that meeting, I asked the question about how much money we were spending now. It was very clearly a concern, when we were talking about the economy of Afghanistan and whether it would be able to support this large army and large police force we are putting into place. So I asked the question: How much money are we spending now, how much money is going to be needed in the future, and for how long is that money going to be needed?

President Obama has talked about us starting to withdraw troops about the middle of 2011. As we are to start drawing down some troops there around July 2011, it became obvious to me that we are going to have a commitment

there for some time, and I think it is important for us to be honest with the American people, first of all, about how much it is going to cost. I think a conservative estimate, for many years to come, is that we are going to be talking about spending at least \$10 billion a year—around \$6 billion to support their army and their police force and another \$4 billion as far as helping build their economy.

The Afghan economy can eventually take over if their natural resources come to be what the U.S. Geological Service says some of their minerals are worth; what they think the oil and gas reserves potentially are. China is coming in to build probably the largest copper mine in the world there, but it is going to take years to develop these resources. So that is one of the things I came back with. We need to be a little more open with the American people that we are going to be there for a while and it is going to cost us quite a bit of money. We should be able to say to our constituents back home: Here is how much we are going to be spending and here is why it is in our vital national interest.

The other thing we haven't taken a lot of time to talk about is Pakistan. First of all, we have some great leaders over there, as well as Ambassador Patterson and Vice Admiral LeFever. They are the military leaders over there, and their teams are impressive as well.

As Senator BROWN mentioned, we visited a refugee camp, and we also visited a base that we built over there for Pakistanis to train. The Pakistanis who train there are called the frontier scouts and they work in the tribal areas to help fight the Taliban. It is in our interest to be able to do that.

I was very encouraged by what I saw in Pakistan, by the new leaders there giving up some of their power voluntarily, the new President, and seeing Pakistan as much more of an ally to the United States in the future. In general, I thought that part of our trip to Pakistan was very much worthwhile.

I would conclude my remarks with that, and turn it over to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. BROWN of Massachusetts. Mr. President, in conclusion, I concur with all the comments made by the Senators before me. One of the things I found most interesting—and I have a hearing in about an hour on the Afghan police and the contracting associated with our supporting the police force in Afghanistan—is that I was able to ask very direct questions to our Ambassadors and to the military and civilian leaders who helped me better understand where the \$6 billion we have spent to uplift the Afghan police force has gone.

Another reason I went there was self-serving in that it gave me the tools to make sure I can better inquire to find out on behalf of the American people where their money is going, how it is

being spent, and whether we can find a way to spend it better.

In addition to that, one of the things that was glaring to me is that even in Pakistan there is an illiteracy problem that needs to be addressed. I think that illiteracy problem, if not addressed, will be fertile ground for the Taliban to come in and try to influence the youth of that country. They have a lot of hope, yet they have some very serious problems.

Once again, I thank our leader. I have great respect for him, someone I didn't know before we went. I encourage others to do that and have that bipartisan feel, as I tried to do often. We saw Senator BAUCUS over there with his team kind of shadowing us, making sure we were actually working. It was a lot of fun to see them over there as well, even with their travel problems. But I am looking forward to doing it again.

I thank the Presiding Officer for allowing me to speak.

Mr. CARPER. Let me just close it down for our side. I say to Senator BROWN, it was a great opportunity to travel with him and get to know him and to learn. I thank him so much for being a great part of our team. I also thank Wendy Anderson, who helped put that together, and Army MAJ Jen McDonough.

We have been joined on the floor by Congressman ROBERT WITTMAN from the First District of Virginia. I say, with him sitting there, how impressed we were with him and how delighted we were to serve with him.

The road ahead in Afghanistan won't be easy. It is an important road for us to travel. It is not one we have to travel by ourselves. A lot of other nations are involved in this with their time, their treasure, and their people.

We need the best efforts from the leadership of Afghanistan. We know he is under a lot of pressure. We made it very clear to President Karzai that we have no intention of being an occupying force. We have every intention of bringing our folks home within a reasonable period of time. This is not an open-ended commitment. My hope is it will not run up the cash register as much as Senator ENSIGN has suggested, but nevertheless it is an important use of our resources. This is the battle, in my judgment, this is the war we should have been fighting all along.

I thank my colleagues for their patience, and I yield.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

AMENDMENT NO. 3724, AS MODIFIED, TO  
AMENDMENT NO. 3721

(Purpose: Expressing the sense of the Senate that the Value Added Tax is a massive tax increase that will cripple families on fixed income and only further push back America's economic recovery and the Senate opposes a Value Added Tax)

Mr. MCCAIN. Mr. President, I ask unanimous consent to call up amendment No. 3724 and that it be modified with the changes at the desk.

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

The clerk will report the amendment as modified.

The bill clerk read as follows:

The Senator from Arizona [Mr. MCCAIN] proposes an amendment numbered 3724, as modified:

At the appropriate place insert the following:

**SEC. \_\_\_\_ . SENSE OF THE SENATE REGARDING A  
VALUE ADDED TAX.**

It is the sense of the Senate that the Value Added Tax is a massive tax increase that will cripple families on fixed income and only further push back America's economic recovery and the Senate opposes a Value Added Tax.

Mr. MCCAIN. Mr. President, as my colleagues well know—today is tax day. Earlier today I came to the floor to speak about the enormous burden Americans bear every year in order to comply with today's deadline for filing their Federal tax returns. We have a complex, antiquated and oversized Tax Code that wreaks havoc on American taxpayers and, according to the National Taxpayers Union, will require them to spend \$103 billion this year in compliance-related expenses. When we have a 2,000-plus page Tax Code which requires over \$100 billion in compliance costs—something is clearly wrong. So what is the answer? Amazingly—instead of offering proposals to reform the system and ease the burden on our citizens—some are suggesting creative ways to impose new taxes on Americans and even further complicate our Tax Code.

According to this morning's Wall Street Journal, the Obama administration and its allies have floated the idea of imposing value added tax—a sales tax imposed on each stage of production, on each firm's value added with the actual cost ultimately hidden from the end user with the final bill being paid by the consumer at the cash register. This type of tax has been widely imposed throughout Europe. This morning, in an editorial titled "Europe's VAT Lessons," the Wall Street Journal stated:

As Americans rush to complete their annual tax returns today, there is still some consolation in knowing that it could be worse: Like Europeans, we could pay both income taxes and a value-added tax, or VAT. And maybe we soon will. Paul Volcker, Nancy Pelosi, John Podesta and other allies of the Obama Administration have already floated the idea of an American VAT, so we thought you might like to know how it has worked in Europe.

VATs were sold in Europe as a way to tax consumption, which in principle does less economic harm than taxing income, savings or investment. This sounds good, but in practice the VAT has rarely replaced the income tax, or even resulted in a lower income-tax rate. The top individual income tax rate remains very high in Europe despite the VAT, with an average on the continent of about 46%.

In the U.S., VAT proponents aren't calling for a repeal of the 16th Amendment that allowed the income tax—and, in fact, they want income tax rates to rise. The White House has promised to let the top individual

rate increase in January to 39.6% from 35% as the Bush tax cuts expire, while the dividend rate will go to 39.6% from 15% and the capital gains rate to 20% next year and 23.8% in 2013 under the health bill, from 15% today. Even with these higher rates, or because of them, revenues won't come close to paying for the Obama Administration's new spending—which is why it is also eyeing a VAT.

Thanks to the recession and the stimulus, U.S. federal debt held by the public has now reached about 63% of GDP and is headed higher, but the OECD forecasts that the 30 wealthiest nations will see debt burdens "exceed 100% of gross domestic product in 2011." Debt levels in France, Germany, Spain and Italy are expected to have increased by 30 percentage points of GDP from 2008 to 2011. Greece has a VAT rate of 21%, but its debt as a share of GDP is 113%.

The very efficiency of the VAT means that it throws off huge amounts of revenue that politicians eagerly spend. The VAT thus becomes an engine of even greater public spending. In Europe, average government spending was about 30.2% of GDP when VATs began to spread in the late 1960s. Today, those governments are more than 50% larger, with spending of 47.1% of GDP on average. By contrast, U.S. government spending (federal and state) rose to 35.3% from 28.3% as a share of GDP in the same period.

It is precisely this revenue-generating ability that makes the VAT so appealing to liberal intellectuals and politicians. Even liberals understand that at some point high income tax rates stop yielding much more revenue as the rich change their behavior or exploit loopholes. The middle-class is where the real money is, and the only way to get more of it with the least political pain is through a broad-based consumption tax such as a VAT.

And one more point: In Europe, this heavier spending and tax burden has also meant lower levels of income growth and job creation. From 1982 to 2007, the U.S. created 45 million new jobs, compared to fewer than 10 million in Europe, and U.S. economic growth was more than one-third faster over the last two decades, according to the Bureau of Labor Statistics.

In 2008, the average resident of West Virginia, one of the poorest American states, had an income \$2,000 a year higher than the average resident of the European Union, according to economist Mark Perry of the University of Michigan, Flint. The price of a much higher tax burden to finance a cradle-to-grave entitlement state in Europe has been a lower standard of living. VAT supporters should explain why the same won't be true in America.

One trait of European VATs is that while their rates often start low, they rarely stay that way. Of the 10 major OECD nations with VATs or national sales taxes, only Canada has lowered its rate. Denmark has gone to 25% from 9%, Germany to 19% from 10%, and Italy to 20% from 12%. The nonpartisan Tax Foundation recently calculated that to balance the U.S. federal budget with a VAT would require a rate of at least 18%.

Proponents also argue that a VAT would result in less federal government borrowing. But that, too, has rarely been true in Europe. From the 1980s through 2005, deficits were by and large higher in Europe than in the U.S. By 2005, debt averaged 50% of GDP in Europe, according to OECD data, compared to under 40% in the U.S.

While there is no official proposal to impose the VAT—I think it is necessary for my colleagues to be on record on this onerous new tax. Therefore, I am offering this very simple sense of the Senate amendment which

calls the VAT exactly what it is—a massive tax increase that will cripple families on fixed incomes and only further push back America's economic recovery.

Daniel Mitchell, a senior fellow at the Cato Institute recently wrote:

The VAT—on top of all the other taxes Washington imposes—is a terrible idea. Imposing it would pretty well finish the transformation of our country into a European-style slow-growth nation. The right way to close Uncle Sam's gaping deficits is to reverse the continued explosion of federal spending.

The real-world evidence shows that VATs are strongly linked with both higher overall tax burdens and more government spending. In 1965, before the VAT swept across Europe, the average tax burden for advanced European economies (the EU-15) was 27.7 percent of economic output, versus 24.7 percent of GDP in the United States.

Taxes on income and profits consumed 8.8 percent of GDP in Europe in 1965—below the US level of 11.9 percent. By 2006, the European burden had climbed to 13.8 percent of GDP, slightly higher than the 13.5 percent US figure. (The same trend holds for corporate-tax data.)

Today's income-tax system is a nightmarish combination of class warfare and corrupt loopholes. But adding a VAT solves none of those problems, it merely gives politicians more money to spend and a chance to auction off a new set of tax breaks to interest groups. That's good for Washington, but bad for America.

J.D. Foster, a senior economics fellow with the Heritage Foundation, wrote:

It comes as no surprise that attention is now turning toward the VAT as the liberal solution for unsustainable deficits that threaten the stability and very future of our economy. Having hiked spending dramatically and then doubling down with his Obamacare, the nation now faces unprecedented near-term debts as the clock ticks toward the long-recognized entitlements time bomb. If there's one thing conservatives and liberals agree on completely, it's that deficits of this magnitude cannot persist. Credit markets won't allow it. Some fundamental course correction is certain. The massive amount of revenue a VAT could raise is the only acceptable solution left for most liberals since they steadfastly refuse to reverse course on their recently enacted spending binge.

Why is the VAT the darling of the left? Because it can raise vast new revenues without the taxpayers being really sure who took their money. Consumers would pay the tax when they purchase goods and services. Buy a car, pay the tax. Buy groceries, pay the tax. Buy chemotherapy drugs, pay the tax. In this way, taxpayers would only be aware of a bit of their tax bite with each purchase. And unless the tax is printed on the receipt and they look for it, consumers would have no idea how much tax they paid on a particular transaction.

Today's deficits, and tomorrow's, result from too much spending, not too little revenue. Reverse the massive Obama spending surge (and the Bush surge before that) and the deficits would quickly fall to sustainable levels. Instead, Paul Volcker has done the nation a great service in telling us what Obama and his congressional allies are planning. If that is not the case, if the President and the democratic leadership in Congress really are not planning a VAT attack, let them declare their opposition to a VAT plainly. Every current and would-be member

of Congress should say where they stand on the VAT. And unless they favor a huge government, much higher taxes, and less transparency from government, they will stand against it.

I agree with Mr. Foster—every current Member of Congress should say where they stand on the VAT. With this amendment I am giving Members of the Senate that opportunity.

Several of my colleagues have explained that they would support a VAT if it was replacing the Federal income tax or the current corporate tax structure. I say to those colleagues that I have not seen a shred of evidence from the administration or anyone in Congress that the VAT would be used as a replacement tax. I am supremely confident that—if and when it is offered—the VAT will be an additional tax on the American people. And that is the last thing the American people need right now. The solution to America's worsening government fiscal outlook is not to increase taxes—it is to cut spending. Congress could get America's economy back on track by focusing on tax relief and simplification, liability reform, regulatory reform, health care security, and energy independence—not on imposing a new, massive tax increase that will cripple middle- and low-income families and delay America's economic recovery.

The solution to America's worsening government fiscal outlook is not to increase taxes, it is to cut spending. Congress could get America's economy back on track by focusing on tax relief and simplification, liability reform, regulatory reform, health care security and energy independence, not on imposing a new massive tax increase that will cripple middle- and low-income families and delay America's economic recovery.

I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays are ordered.

Mr. MCCAIN. I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, what is the business before the Senate?

The PRESIDING OFFICER. The McCain amendment is the pending amendment.

Mr. DODD. I ask unanimous consent to speak as in morning business.

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

#### FINANCIAL REFORM

Mr. DODD. Mr. President, I come to the floor now, and I came to the floor yesterday, in response to the campaign by those both outside and, apparently, inside this Chamber who are literally trying to kill the Wall Street reform legislation, and to tie that reform to that bill to bailouts.

I pointed out in those discussions yesterday that these arguments are straight out of Wall Street's playbook,

written by political strategist Frank Luntz. As we all know, I submitted his political strategy that he offered months or weeks before even consideration of the bill, outlining politically how to defeat this legislation. So even before there was a bill, Mr. Luntz had a strategy on how to kill it. You merely have to look at the date of his memo to know what I am talking about.

Yesterday we heard a strategy, basically written by him, to avoid any accountability for the mess they have made of our economy. And if it seems strange to you, Mr. President, and others, that the minority leader is choosing to attack our bill for being too kind to Wall Street by reciting talking points written on behalf of Wall Street, well, you are not alone, obviously, if that seems strange.

Even stranger, of course, was the leader's insistence that this legislation is too partisan. Perhaps he has not spoken to my colleague and friend from Alabama, the former chairman of the Banking Committee, Senator SHELBY, with whom I have spent months working on building consensus, who said himself months ago that we had achieved a consensus on as much as 70 percent of the bill that will be presented to this body in a matter of days.

Perhaps the minority leader had not spoken to any of the Republicans on the Banking Committee, who joined with Democrats in bipartisan working groups that I asked to be formed back months ago, each of which of those groups achieved real and meaningful progress that is reflected in the bill that will be on the floor in a matter of days; not just amendments that will be offered, it is in the text of the bill of those working groups, Democrats and Republicans on the Banking Committee.

Perhaps the Republican leader had forgotten that as far back as February of 2009, I insisted that meetings with the Treasury Department, as they were still crafting their plan for reforming Wall Street, include Republican staff so Republican ideas would be in the proposal from the very beginning.

Well, this morning the McClatchy newspapers looked into the minority leader's accusations made in this Chamber yesterday morning, and frankly found them lacking. Please indulge me for a moment. I am reading from this morning's newspaper. Let me quote, if I can:

McConnell accused Dodd of drafting partisan legislation, even though the banking committee Chairman has worked roughly half a year with key Senate Republicans and incorporated many of their ideas into his bill. McConnell also said the bill contains controversial bailouts, but it doesn't.

And this from today's Associated Press report:

McConnell on Tuesday said his views on the financial regulation package had been most influenced by the comments of community bankers in Kentucky, his home state. Yet such bankers are represented by the industry groups that most favor setting up an advanced prefinanced liquidation fund for

large institutions—the Independent Community Bankers Association.

The very community banks that invested upon the \$50 billion that the banks have to put up if they are going to be unwound, rather than taxpayers. So the very banks that my friend from Kentucky claims are advising him on his views have a different view than he does about the bill that is before us.

The newspaper article goes on. It says:

... McConnell has also complained that the Democratic bill is partisan and the White House intervened to stop Democratic-Republican negotiations. . . . But Sen. Christopher Dodd, Connecticut, chairman of the Senate Banking Committee, negotiated for months with leading Republicans and found much common ground, only to see the vote in his committee unfold along party lines.

Well, there you have it. Black and white. The attacks on the Wall Street reform bill are false. This legislation incorporates Republican ideas, Democratic ideas, and it definitely includes one idea that we all agree on: ending taxpayer bailouts. Just ask Sheila Bair, who is the Chairperson of the Federal Deposit Insurance Corporation, the organization that comes in and puts an end to failing banks. Ms. Bair is also a Republican, former legal adviser to Senator Bob Dole, former majority leader, minority leader of the Senate, an appointee of the previous administration, the Bush administration.

Sheila Bair told the American Banker, in an article published this morning:

The status quo is bailouts. That is what we have now. If you do not do anything you are going to keep having bailouts.

And nothing is what we will have if Members vote against allowing this bill even to come up for debate on the floor of the Senate. Sheila Baer goes on to say about this bill:

It makes bailouts—

This bill that we will have before this body—

It makes bailouts impossible. And it should. We worked really hard to squeeze bailout language out of this bill. The construct is that you cannot bail out an individual institution. You just cannot do it.

Mrs. BOXER. Will the Senator yield for a question?

Mr. DODD. I will be happy to yield to the Senator.

Mrs. BOXER. First, I want to say thank you so much for taking to the floor to explain to the American people the very strange debate we hear coming from the Republican leader on this. I was stunned, because I had heard that he had met with the Wall Street people and the banks, and then he said over and over again the same phrase yesterday, which was repeated endlessly, that the bill you and the President and the Democrats are working on—trying to get bipartisan support for, for which I commend you—he said that bill would mean one thing and one thing only—taxpayer bailouts—when we all know the entire purpose is to put an end to

one dollar of loss of taxpayer bailouts. So I have a question to ask. Is it not my friend's goal to get into a situation where the banks, the super big banks, the investment houses, pay into a fund themselves with their own money, so that if there are any problems and they need to be wound down, it does not cost a dollar of taxpayer money, that the fund will be paid for by these businesses themselves? Am I correct on that?

Mr. DODD. Let me thank my dear friend and colleague from California. She says it so much more directly and clearly than my efforts here to explain this. She is absolutely correct. This is the irony of ironies.

In fact, let me go further. The \$50 billion provision in this bill was proposed by the Republicans. I did not come up with this idea. This was the idea that was brought up by the community bankers and Republicans who said that if there is an unwinding of a failed institution, the American taxpayer should not have to pay a nickel for that; it should be paid for by the institutions that put themselves in that position.

That is what we did. In fact, in the other body, they have a stronger provision with even more dollars involved. The irony of ironies, that a Republican provision in this bill, designed to insulate the American taxpayers from having to pay a nickel to unwind a failed institution, they are now calling somehow evidence that this is a bailout.

The only reason that money can be used is to bail out, rather to unwind that institution, if it gets in that situation.

Mrs. BOXER. Further, my understanding is, if an institution gets in trouble, they are going to go down. They are not going to be revived.

Mr. DODD. Absolutely.

Mrs. BOXER. I would say to my friend, because he is an expert on this—and years ago I was on the Banking Committee, and am no longer there—I want to make sure I understand if I am right on this: I think the American people have appreciated the FDIC over the years, because the FDIC was another way for taxpayers to be kept out of a problem, because it is an insurance fund. The banks are taxed and they put the money into the fund. And if there is, in fact, a bankruptcy, you are covered. Right now I think it is up to \$250,000. Am I correct?

Mr. DODD. Correct.

Mrs. BOXER. So this whole notion has worked very well. But in closing, because I do not want to interrupt the speech of my friend, because I think it is important, it seems to me suddenly there has been a huge injection of politics into a bill that should have had, as you point out, I say to my friend from Connecticut, bipartisan support.

If, in fact, the Republicans came up with the idea to have a fee on these institutions, to protect the taxpayers so that we have no bailouts, and now, after meeting with the banks, it feels

to me these big institutions have turned on their own idea. But they are using the language that is the opposite of what they now want to do. Because, as I understand it—tell me if I am right—if we keep the status quo and do nothing, which is again their idea right now, we are in trouble, because we saw what happens when these big institutions get in trouble. Main Street starts to hurt. Lending starts to freeze. We have seen millions of job losses due to that horrible time we went through.

I want to commend my friend and urge him, if he has to come here every day—and I will be glad to come over here as well—to explain to the American people the truth. I am so tired of politics obscuring the truth. We need to put an end to it. We are not perfect. The other party is not perfect. No one is perfect. We do not have the ideas that are going to save and cure every problem. But we know one thing from this crisis. We had to turn to taxpayers. What a nightmare. Thank goodness, by the way, those funds are being repaid. We are still out some funds, but the vast majority of those funds are repaid. But we are not going to go through that again. I would never vote, and I say that right here, to bail out these big institutions that were gambling. They gambled on the future of America. I will not do it. Therefore, let's put something into place where they pay into a fund so if there is a problem in the future and they are going bust, we will wind them down and we will wind them out on their dollar.

I hope you will keep saying that, because I do not mind getting in a debate with the other side. As a matter of fact, I think there are great differences between the two parties, which makes our country great because we all appeal to different people in the country. It is good for the stability of the Nation. But let's not come here with false debate. Let's not come here with made-up arguments, because that only hurts the debate.

I wanted to praise my friend. I wanted to spend a couple of minutes thanking him for doing this.

Mr. DODD. I thank my colleague. I note, you only have to ask yourself—look, you do not have to have a Ph.D. in banking. Ask yourself this question: The idea of requiring these institutions to put up money in advance, so that if they fail they end up paying for the cost of unwinding—

Mrs. BOXER. Bingo.

Mr. DODD. Who would object to that? Who is objecting to this? I mentioned earlier, it was not my idea. This was brought to me by the Republicans. Sounds to me like the people who have to put up that money are probably the ones objecting to it. These are the large institutions that do not want to be assessed any cost associated with their mismanagement of an operation.

Mrs. BOXER. You got it.

Mr. DODD. So it is pretty much as plain as the nose on your face. I am

even surprised we have to make the case. So I thank my colleague from California. I will try to complete these remarks. I know others have other matters they want to be heard.

I thank Sheila Bair from the Federal Deposit Insurance Corporation. Many of us know her, having worked with the Republican leadership for years as legal counsel, of course; being an appointee of the Bush administration. She talked about our bill today, saying this bill has been written specifically to end any notion of any kind of a bailout by the American taxpayer.

It makes [bailouts] impossible, and it should. We worked really hard to squeeze bailout language out of this bill.

And she is right, working together.

The construct is you can't bail out an individual institution—you just can't do it.

Our bill stops bailouts by imposing tough new requirements on Wall Street firms. Being too big and too interconnected will cost these firms dearly. And, should that not be enough, under our legislation regulators can use new powers to break up those firms before they can take down the economy. It stops bailouts by forcing firms to write their own funeral plans and to pay for their own liquidation in advance so taxpayers do not have to pay a dime. They shouldn't. If that is not enough, our bill stops bailouts by literally eliminating any possibility for the government to bail out these firms. These Wall Street firms believe that no matter how much we hate bailouts, if they are important enough, at the end of the day taxpayers will come riding in on a white horse to save them, just as they did under the Bush administration.

This bill kills the white horse. There is no white horse under this bill. When we pass it, as I hope we will, large institutions, big banks will know if they fail, they fail. Their management gets fired under our bill. Their assets will be liquidated under our bill. Their creditors lose money under our bill, and taxpayers don't pay for any of it under our bill. The bill stops bailouts.

To insist otherwise indicates that either the minority leader doesn't know what is in the bill or he chose to distort what is in the bill. Yet I read this morning in the Wall Street Journal that the Republican leadership is "struggling to maintain a unified opposition," even going so far as to circulate a letter pledging that each Republican Senator will vote to filibuster this bill and keep it from even being discussed. I hope that is not the case.

I can't tell my colleagues, in my 30 years here, what a denial that is of everything I have stood for and worked for in countless pieces of legislation for three decades, to have Members of this body, who have spent hours with me crafting the bill I will offer, including their ideas, to then vote against even allowing this bill to be debated. I just know that cannot happen. I don't want to believe that 41 of my colleagues, many of whom have worked with me on this bill, are going to sign on to a com-

mitment that they will not allow this bill even to be debated unless I agree to their provisions. I have never seen anything like that in my 30 years.

I have worked tirelessly for months to put together a bill that reflects various ideas. I know it doesn't satisfy everyone. I have been criticized by the left and the right on this bill. I understand that. But I have tried to put together a bill that reflected what I thought was commonsense, sound, good legislation. I pray the news I am hearing about 41 Senators—before most of these people have even read what is in the bill—signing on to a political commitment without understanding what is at stake is not true. By losing this bill and having the status quo remain, bailouts then are in place. Taxpayers are exposed. The 8 million jobs that have been lost, the 7 million homes, others who have suffered as a result of this economic crisis get little or no relief. That is a stunning conclusion of the efforts that have gone on. It isn't about us. It is about the people out there who deserve far better than they are getting.

Still, even after it has become apparent that the Republican strategy is to delay and obstruct, even after it has become clear that the minority has very little to offer in this debate except for some false talking points read verbatim from the big banks' script, the minority leader took the floor again this morning and said:

Republicans believe the solution is for bipartisan talks to continue.

They will. As frustrated as I am, my door has never been shut. The door is still open to sit and resolve and work together to get to this bill. But I will not sit around days on end in the rope-a-dope game of never knowing who I am talking with, whether they have any ability to bring people to the table, "just agree with my idea and I am still against the bill." I have to ask myself, why did I go through this process over the last 4 or 5 months, agreeing to much of what they were offering, and there is not a single political vote to show for it; in fact, a vote against even debating the bill in the end? Why would one ever go through what I did to end up at this particular point?

Apparently, someone finally informed the minority leader that those talks had been going on for over a year. So they will continue. But then again, he once again made the false statement that the bill would "allow taxpayer dollars to bail out Wall Street banks."

There they go again, the same old talking point, the mantra repeated. If one says it often enough, I guess it becomes true in some people's minds.

I say to my friend, the minority leader, if he wants to continue the debate, he could start by ceasing efforts to filibuster this bill before it gets to the floor; before, I would suggest, no more than probably two or three people have even seen it or have any idea how many titles are in it, what it includes, and what we try to achieve. If you

want to debate, if you have ideas, then bring them to the floor. That is why this body exists.

If the debate is going to consist of Democrats offering ideas to tackle these very complex—and it is a complex set of issues—and critical challenges on behalf of American families and businesses and Republicans reading false talking points from Wall Street's playbook, then count me out. I will not engage in that kind of a debate or negotiation. I have no interest in that whatsoever.

We have a job to do. If my friends on the other side of the aisle don't feel like doing the work, maybe they should think about the millions of unemployed Americans who didn't go to work this morning because they lost a job in this economy, created by the mismanagement, the failure to step up and take steps to correct these problems over the last number of years. Those Americans would love nothing more than to put in an honest day's work for a good day's pay. But they can't because the same banks sponsoring this parade of bamboozlement on one side of the aisle cost our country 8.4 million jobs, 7 million homes, lost health care, and destroyed futures and retirement accounts. That is all gone.

What about them in this debate? Are their issues, their views, their concerns going to be discussed? No, just shut it down. Don't even debate the issue because "you can't agree with my idea."

That is not why this institution exists. It is not about the process. It is not about committee assignments. It is not about your idea or mine. It is about people beyond the walls of this Chamber who are counting on us to get a job done for them. Our failure to step up and even debate these issues and consider each other's ideas is a tragedy.

I know my friends on the other side of the aisle are faced with a difficult choice between supporting their party leadership and participating in this complicated, difficult debate. I am not naive. I know that is a hard place to be. But if we can't act like U.S. Senators for the sake of this issue, for the sake of legislation whose success or failure has such an enormous impact on the very survival of the middle class and the economy as we know it, then why are we even here? Why are we even engaged in this, if that is what the choice is?

It is easy to understand why the big banks don't like this bill. It is far harder for me to understand why any of us would be sympathetic to those arguments. We don't work for the big banks. We work for the American people who sent us here from our respective States. We work for families who have paid a steep price for Wall Street's risky behavior. We work for the American public that lost those jobs, those more than 8 million jobs, and still faces near double-digit unemployment. We work for an American public that lost nearly 7 million homes



to foreclosure, for millions of people who have seen their small businesses fail or their retirement accounts evaporate in a matter of hours. We work for an American public that is sick and tired of feeling like no one is looking out for their interests, like the political hacks and lobbyists hold all the cards in these discussions.

The minority seems intent on proving them right—I hope that is wrong, but I am worried they may be right—on proving that there is no issue more important than saying no, stopping all discussion, currying favor with special interests, and trying to gain petty political advantage, strangling this bill with a filibuster or suffocating it with false claims that stick our Nation and its taxpayers with bailouts forever; that will continue this era of greed and recklessness on Wall Street; that will leave us vulnerable once again to another economic crisis.

I have been here a long time. I know this institution is better than that. I know there are friends of mine on the other side who care about this bill, who want to be a part of the debate, who want to be part of the solution and have ideas to bring to the table and recognize no one group, no one Senator is going to write this bill exclusively. But I can't get there if the attitude is: We won't even let you debate or discuss it. That attitude is not what the American people expect of the Members of this body.

On their behalf, who desperately need us to act, I hope we are better than that; that in the coming days before this bill reaches the floor, we can find that common ground. If not, we need to go forward. But we need to have that debate on the floor of the Senate.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant editor of the Daily Digest proceeded to call the roll.

Mr. CORKER. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. CORKER. I came to the floor of the Senate because my friend from Connecticut, who is my friend, made numerous comments about the process. I hope that possibly he would be willing to enter into a colloquy.

I will give a preamble, if I may. There is a lot of rhetoric that has gone on around this financial reform bill. I appreciate so much the chairman of the committee engaging me for 30 days to try to reach a bipartisan agreement. We voted a 1,336-page bill out of committee in 21 minutes with no amendments. We did so with the understanding—at least it was my understanding—that the best way to reach a bipartisan deal was to vote a bill out of committee—we knew it was going to be a party-line vote—to not stiffen opposition by having a bunch of amendments debated and maybe get people pulled

further apart. Then what we would do is try to seek a template for a bipartisan bill before it came to the floor.

Mr. DODD. Will my colleague yield?

Mr. CORKER. I will.

Mr. DODD. That was the intention. But there were 401 amendments filed by 2 p.m. on Friday, before the announced markup of the bill. Over the weekend, staff came to work on amendments.

I say respectfully, no one from the minority side came in on the weekend. But over the weekend, it was suggested to me by the minority—

Mr. CORKER. Not by this Senator.

Mr. DODD. No, but that they wouldn't offer any amendments. It turned out to be a 21-minute markup. I was prepared to stay there all week, as my colleagues know, and announced in advance that would be the case.

So for the purposes of understanding here, again, that was their decision. I hope we could get to some agreement farther down the road. We agreed to a lot. The bill that was on the table that day for the markup was substantially different than the bill I offered as a discussion draft in November.

Mr. CORKER. No question.

Mr. DODD. So it reflected a lot of ideas and thoughts that have been incorporated between that date and the actual markup date. I say that.

Mr. CORKER. I have repeatedly publicly thanked the good Senator from Connecticut for going through that process, and there is no question it is a much better bill. As a matter of fact, I think it is a very amendable bill.

Here is what I would say. I think things are being said that—there is no question some of the attacks on the order to liquidation have been over the top. On the other hand, there is no question that Treasury and the FDIC created some loopholes. That is what executive branches do because they want the flexibility to do whatever they wish to do. I would do the same thing if I were them. But there are some things that need to be tightened up, and I think we could do that in 5 minutes, I really do.

I talked with the Treasury Secretary yesterday. It is obviously more of a committee-committee level deal now, and I understand that. But I think we could resolve that. But I think the thing, if I could—I know there have been discussions about this letter. The fact is, I think what we are trying to do is say let's get this template done over the next couple weeks. Let's do not slow it down.

I know you talked about entering a bill on April 26. I know there have been talks about maybe sliding a week because there are some other cats and dogs that need to be dealt with. But we can do this. I think if everybody would calm down, and if everybody would quit exaggerating how bad things are—there has been a lot of cooperation.

I just met with the ranking member. I left his office. I think there is a strong desire to reach a bipartisan

agreement. I hope that—I am not blaming anybody, but I think the White House is stirring around on this. You have all kinds of forces going on. I think the good Senator from Connecticut wants a bipartisan bill that will stand the test of time. I know I want one. I know the ranking member wants one. I think most every Republican wants one. I think if we could quit shooting things over the transom and get settled down, I think, without even slowing down the introduction of this bill—not slowing it down 1 day; if we get serious as adults for the next 10 days or so, a week—I think we could finish. And I believe that.

I would ask—I would ask all my colleagues—and I ask this respectfully of my colleague from Connecticut—look, things did not get where they needed to be, and I understand what happened, but I still relish the fact that we came close. I think we can get back there. I do. I do not think anybody is trying to subterfuge this. I do not. I met with all my colleagues yesterday on the Republican side. We may have a few folks who do not want a bill, but just because they do not like laws. I am making that up slightly over the top myself. But I think most people want a good bill. And I say to the chairman, I think what you did in December demonstrated that you want a good bipartisan bill.

I do not think it is right—I will get into a little bit here—I do not think trying to call one Republican Senator to pick him off, two Republican Senators to pick them off—I do not think that is a bipartisan bill. Let's get back to the table to finish it.

Mr. DODD. My colleague wanted a colloquy here, and I am glad to be an audience for him. But if he wants a colloquy I will stay around.

Mr. CORKER. I am glad to listen, as I have often.

Mr. DODD. Let me say, again, I came here—if I have been strong it is because I am responding to the minority leader. The minority leader has come every morning now saying this bill perpetuates bailouts. I am not going to sit here idly and allow those accusations to be spread across the country when you and I both know that is not true—when I am told this is a partisan bill.

I have spent too much time here over too many years doing exactly what I have done in the 38 months I have been chairman of this committee; that is, to develop wherever I can bipartisan solutions to this bill. It has motivated me in everything I have done.

So to all of a sudden, out of the blue, knowing all the efforts I have made, along with others, to try and find that common ground—as my colleague from Tennessee well knows here—and then to be faced with a minority leader who should know better than coming to the floor making these silly accusations, false accusations about a process that has been anything but partisan, about conclusions in a bill that are anything but accurate in terms, in fact, of what is included in the legislation.

I am willing to listen to ideas on how we can make this tighter, if, in fact, that is the case, to stop the bailouts that are occurring in the country, all of that. But then having a letter being circulated, where 41 people, most of whom have no idea what is in this bill but just taking a political position because they are being asked to do so, without at least having some appreciation for those of us, including yourself, who have worked so hard on this to produce as good a bill as we can—understanding there are still ideas that many of our colleagues want to bring to this debate, and they should have a right to do that—that having a full-throated debate on the floor of the Senate—I am disturbed.

What does that say to future chairs? Why would you even bother doing what I went through if, in fact, at the end of it all the answer is: No, I am sorry, we did not get our way, so we are going to stop the debate? I find that terribly distressing. As a Member of this body, leaving it in a few months—I will not be here any longer next year for the debates—I have to say to the younger Members, the newer Members coming along: Be careful. If this is the template on how we operate, then all of the things I tried to do over the last year on this bill—from the hearings, involving everyone, going through the discussions, recognizing you did not solve every issue—then you have to ask yourself the question: Why would you do that if at the end of the process you get a letter circulated stopping a motion to proceed on a bill of this import after all the effort?

If this had been a purely partisan—you know, you are not allowed in the room. We are just going to keep you outside. We just want to write it—then I get that. You would be right, in my view. I would sign the letter, in fact, if that were the case. This is not that case, in my view. I say that respectfully to my colleague.

Mr. CORKER. I will respond respectfully that I think the course of action that is trying to get underway is to finish the bipartisan—let's face it. You and I went a long way. Then we stopped. On March 10 it ended. I understood that, look, you were losing Democrats on your committee.

Mr. DODD. And I was not gaining Republicans.

Mr. CORKER. You had one, and that is all you asked for when you started. I do not want to reiterate that. I never said I could speak for anybody but myself. And I did not leave the table. I never left the table. So the fact is, the bill took a partisan turn on March 10. There is no denying that. You would not deny that and look at me with a straight face.

There are some bipartisan solutions in this bill, I grant that, and I thank you for those inclusions. But there is still work to be done. And I would say to you that what Republicans are trying to do is say, let's finish that work before it gets to the floor. You have

said this, and I do not think I am betraying confidences. I would never do that intentionally. This is a complicated piece of legislation.

What we need to do is get the template—at least bipartisan in the beginning. And then you are right, there are issues such as the Volcker rule and there are governance issues that are going to be amended back and forth. But let's at least get the main parts of the bill right in the beginning—close to right—not the way you would want it on your own, not the way I would want it on my own. That has not happened on a number of the titles, in fairness.

I would urge everyone—there has been a lot of work done. You have done a tremendous amount of work in this committee. Let's finish that work over the next 10 days. Let's quit yelling at each other, and let's finish the work the American people sent us to do. I am not lecturing. I say all this respectfully. Let's finish what we started.

Mr. DODD. I hope it can be the case. I thank my colleague.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant editor of the Daily Digest proceeded to call the roll.

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

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

Mr. KYL. Mr. President, there is a view that sometime next week—upon the disposition of the bill that is currently before us and perhaps some other matters—we might take up the issue of so-called financial regulatory reform. I wish to speak for a moment to one of the key issues I know is of concern to some of my colleagues, and certainly to me.

The American people have a pretty firm view on this whole thing after what they have seen with regard to TARP and the other bailouts. They are obviously not crazy about what has happened.

I think most Americans think there should be two basic goals: First, to prevent the kind of crisis that occurred from ever happening again; and, secondly, to make sure that taxpayers are not on the hook, especially if we are talking about the possibility of continued bailouts where Federal money would be involved in unwinding big Wall Street firms that get into trouble.

Unfortunately, this bill that came out of the Banking Committee, and could be brought to the floor next week—unless it is changed significantly—not only does not achieve the first goal, but it also carries forward that policy of “too big to fail” and taxpayer bailouts. That is why in its current form you have a lot of people on my side of the aisle saying it has to be changed. Let's get together, talk in a bipartisan way, and make sure we can both achieve the goal and, secondly, not carry forward current bad policies.

This bill, at least in my view—and I will explain why—would set the conditions for firms to become overleveraged; that is to say, taking on too much debt relative to their value, and it would entrench in law forever this concept of taxpayer obligation to bail out these firms.

Well, how would it do this? Primarily, it creates a \$50 billion so-called orderly liquidation fund established through assessments on the largest banks. So at least the first part of the fund would be paid by banks themselves. But even that, obviously, would not be big enough to cover the bailout, for example, of one of our larger banks, let alone some of the other kinds of institutions. But by creating this fund, we are, in effect, designating those entities as “too big to fail,” meaning the government will have to then pick up obligations beyond what is covered by the \$50 billion.

So after the exhaustion of that fund, and some other steps, taxpayers have provided not just an implicit but an explicit guarantee. I have read the language in the bill, and it provides the FDIC shall be liable, in effect, for amounts that are necessary beyond that. The specific language is the FDIC “will guarantee the obligations of banks” in times of severe economic distress. That is the status quo. That is what people object to. Why should we be on the hook for those big banks when they fail?

There are some additional problems. This kind of guarantee increases the likelihood that those firms will take risky behavior and then become overleveraged, just as what happened with the real estate entities, so-called Fannie Mae and Freddie Mac. Because there was an implicit guarantee the government would bail them out if they got into trouble, they took risks that were beyond what they should have taken, and the end result was, because they failed, we were on the hook, and for a lot more than would have been the case had they not taken those risks.

In addition to that, because there is an implicit guarantee, they are actually shielded from market forces and are given a competitive advantage over their competition. Private investors, as we saw in the cases of Fannie Mae and Freddie Mac, are more likely to lend to these firms and to charge them a lower interest rate because they are pretty well guaranteed that if anything bad happens, they will get their money back. Meanwhile, other banks, such as Arizona community banks, don't have that kind of implicit guarantee. In fact, a lot of those banks are on the brink, frankly, of collapsing today. They are charged more money in order to borrow money than these very large, too-big-to-fail institutions. So this creates an anticompetitive barrier that will, in effect, make cartels out of the large institutions that would receive this guarantee.

The consequences would be severe. Peter Wallison is a fellow at the American Enterprise Institute and is very knowledgeable about these matters. He wrote this last year:

Financial institutions that are not large enough to be designated significant will gradually lose out in the marketplace to the larger companies that are perceived to have government backing just as Fannie and Freddie were able to drive banks and others from the secondary market for prime middle-class mortgages. A small group of government-backed financial institutions will thus come to dominate all sectors of finance in the U.S.

Well, that is the formal way of saying what I said before, and that is one of the reasons we don't want to have this kind of implicit guarantee or, in the case of the legislation, explicit guarantee by the taxpayers. You will see the same kinds of distortions as were created by Fannie Mae and Freddie Mac in the housing market prior to the collapse of the financial sector last year.

Back in 2003, I was chairman of the Senate Republican policy committee, and we began researching and writing about this. We wrote two specific papers sounding the alarm about Fannie Mae and Freddie Mac. I was concerned back then that this explicit guarantee or backing of these institutions permitted them to operate without adequate capital and to assume more risk than their competitors and borrow at below market rates of interest, and that is exactly what happened. Smaller companies got crushed. Fannie and Freddie engaged in increasingly risky lending with the backing of the Federal Government. On a massive scale, they made mortgages available to people who could not afford them, like buying those risky mortgages, and that easy credit fueled very rapidly rising home prices. As prices rose, obviously, the demand for even larger mortgages rose, and Fannie and Freddie looked for ways to make even more mortgage credit available, notwithstanding a questionable ability to repay. It was a giant accident waiting to happen.

By 2008, these two GSEs—government-sponsored enterprises—held nearly \$5 trillion in mortgages and mortgage-backed securities. They were overleveraged. They were too big to fail. The resulting collapse devastated our economy, and it left taxpayers with a tab of hundreds of billions of dollars. In fact, Fannie Mae and Freddie Mac have now transferred to you and me \$6.3 trillion of their liabilities—just those two entities—and we are on the hook for it.

That is what we have to prevent from happening, but that is exactly what this legislation that passed out of the Banking Committee would permit. Why would we continue this kind of too-big-to-fail taxpayer liability in what we call a reform bill? We ought to stop that, make sure it never happens again.

I also wish to make this point, since there is a new regulator contemplated

in this legislation. What happened to Fannie and Freddie happened despite the fact that they had their own dedicated regulator, and that is exactly what is proposed for institutions in this bill. In fact, the bill would use the very same regulators who failed to stop the financial crisis from happening.

I thought this was supposed to be reform. This isn't reform. I am reminded of a line from literature—I don't think it is from "A Tale of Two Cities," but it could be—where the actor says, "Reform, sir? Don't talk of reform. Things are bad enough already." That is kind of the way I look at this. We have problems, and the kind of reform that is being suggested here is not an improvement; it is a continuation of the same obligation of taxpayers to bail out those who are deemed too big to fail.

I wish to add that the bill even extends the scope of these potential future bailouts beyond banks. It would explicitly give the Federal Reserve authority to regulate any large company in America that it wanted to. Thus, the Financial Stability Oversight Council, FSOC, would have the power to designate nonbank financial institutions as a threat to financial stability—the code word for "too big to fail." So a new government board based in Washington would decide which institutions get special treatment, giving unaccountable bureaucrats tremendous authority to pick winners and losers, and these favorite firms, too, would have a funding advantage over their competitors.

In addition to extending this to bigger companies, the legislation extends this same definition all the way through our financing sectors to smaller companies. For example, one of the auto dealers in your town that finances the automobiles you buy, if you have more than four payments, they are covered under here. It even would cover a dentist's office or an optometrist. If it takes more than four payments to take care of what he had to do, he would be covered by this. So this would extend to small and large and in all cases puts a government bureaucrat in charge of trying to find out why a firm is in trouble and ultimately requires, if they are needed, taxpayers to come to the rescue of these firms. As I said, we have to avoid making the mistakes of the past. A firm's cost of capital should be based on its ability to repay its commitments, not on the probability of future government assistance.

So given recent experience, I would suggest that we need a more competitive financial industry with many firms, not just a few large firms with implicit government guarantees dominating the market.

I started my comments by speaking about what the American people don't like and what they would like to see. I think they deserve a better approach than this legislation that passed out of the Banking Committee, one that promotes accountability and responsible oversight. This bill, as I said, is a risk

the taxpayers don't need and, frankly, cannot afford.

So I urge my Democratic colleagues to reengage with Republicans to produce a bipartisan bill that can pass the Senate by a wide margin. Let's not have any more health care bills where it is done strictly on a partisan, party-line basis, with a consensus lacking, with the American people not liking what is being done. We can provide for the orderly bankruptcy of these failed institutions without keeping taxpayers on the hook for losses.

By the way, a lot of this reform has to deal with preventing the bankruptcy in the first place—in other words, regulating some of these new esoteric financial instruments so that there is greater transparency in the complicated trading of these financial instruments.

I think we can work this out and keep politics out of it. Everybody understands there are things which need to be done to prevent the kind of collapse we had in the past. It is my understanding that the hard-working members of the Banking Committee on both sides of the aisle had been working hard together and had been producing compromises. They were characterized to me as, it is not everything I would want, but then in a compromise you don't get everything you want. That is the spirit in which we can work together to produce a product that I think would be acceptable to our constituents, who don't want to be on the hook for any more of these bailouts, as well as provide the kind of transparency up front and procedures for unwinding businesses on the back end when they finally are unable to continue in business, a process which would not require the taxpayers to bear ultimate responsibility for their losses. If we are able to work together to do this, it will be a win-win situation for the American people, and just maybe we will demonstrate that Republicans and Democrats can actually sit down together, work something out, and pass a bill that is good for everybody.

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.

#### ARTICLES OF IMPEACHMENT AGAINST JUDGE G. THOMAS PORTEOUS, JR.

The PRESIDING OFFICER. The Chair submits to the Senate for printing in the Senate Journal and in the CONGRESSIONAL RECORD the replication of the House of Representatives to the Answer of Judge G. Thomas Porteous, Jr., to the Articles of Impeachment against Judge Porteous, pursuant to S. Res. 457, 111th Congress, Second Session, which replication was received by the Secretary of the Senate on April 15, 2010.