years through 2014, any remaining amount in the adjustment could be used to offset costs of that policy after 2014, but the total adjustment cannot exceed the maximum adjustment amount of a five-year SGR freeze.

(d) Estate and gift tax. Under EGTRRA, the estate tax exemption was gradually increased and the tax rate gradually lowered so that by 2009, the exemption level was $3.5 million for an individual, with amounts above the exemption level taxed at a 45 percent rate. In 2010, the estate tax is repealed, replaced with a new tax on inherited assets with unrealized capital gains. In 2011, with the expiration of EGTRRA, the estate tax will return, with the pre-2001 law parameters of a $1 million exemption for an individual and a top rate of 55 percent.

The maximum adjustment in section 7(d) is equal to the difference between the revenues expected from continuing the 2009 estate tax policy, with the nominal exemption level indexed for inflation, through December 31, 2011, and the revenues expected under the 2010 repeal and 2011 return to pre-2001 law. In other words, legislation restoring the estate tax would be scored for PAYGO purposes only to the extent that it costs more than implementing the 2009 policy (indexed) in 2010 and 2011. Because the cost of estate tax policy through 2011 will have budgetary effects beyond 2011, this section clarifies that the adjustment is intended to capture the full budgetary effects in all years resulting from the two-year policy change.

(e) Alternative Minimum Tax. A ''patch'' for the AMT was provided in the Recovery Act, increasing the 2009 AMT exemption to $70,950 for couples and $46,700 for singles in order to prevent the number of taxpayers affected by the AMT from exploding from about four million to about 30 million. This patch expired at the end of 2009.

Section 7(e) provides a maximum adjustment equal to the difference between the revenues expected from adjusting the the AMT exemption levels through 2011 in order to hold the number of taxpayers affected by the AMT at 2008 levels (about 4.2 million), and the revenues expected assuming the expiration of the 2009 AMT patch. Because the cost of AMT relief through 2011 will have budgetary effects beyond 2011, this section clarifies that the adjustment is intended to capture the full budgetary effects in all years resulting from the two-year policy change.

(f) 2001 and 2003 middle-class tax cuts. The 2001 and 2003 income tax reductions enacted under EGTRRA and JGTRRA, as subsequently amended through December 31, 2009, are scheduled to expire at the end of 2010. Section 7(f) provides 12 adjustments for policies benefiting the middle class as they are in effect in 2010. The specific middle-class policies are:

10 percent bracket;

Child Tax Credit, including the expansion in the Recovery Act;

Marriage penalty relief, including the relevant EITC expansion in the Recovery Act;

Adoption credit;

Dependent care credit;

Employer-provided child care credit;

Education tax benefits;

25 percent and 28 percent brackets;

33 percent bracket, but only for individuals with incomes of $200,000 or less, and couples with incomes of $250,000 or less;

Reduced rates on capital gains and dividends, but only for individuals with incomes of $200,000 or less, and couples with incomes of $250,000 or less;

Repeal of the personal exemption phaseout and the limitation on itemized deductions, but only for individuals with incomes of $200,000 or less, and couples with incomes of $250,000 or less; and

Section 179 expensing for small businesses, allowing up to $125,000 of qualified property to be expensed, phasing out for property over $500,000.

The maximum adjustment for the policies in section 7(f) is equal to the difference between the revenues expected if the specified policy were in place after 2010 and the revenues expected if the related provisions expired as scheduled.

(g) Indexing for Inflation. Amounts indexed for inflation are done in accordance with the cost-of-living adjustment rules in section 1(f)(3) of the Internal Revenue Code of 1986. That provision in the Code designates the Department of Labor's Consumer Price Index for all-urban consumers (usually expressed as CPI–U) as the measuring standard. Amounts indexed for inflation in this Act are the nominal exemption amount under the estate tax, as well as the income thresholds for income tax brackets, the rates for capital gains and dividends, the personal exemption phase-out, and the limitation on itemized deductions.

(h) Guidance on Estimates and Current Policy Adjustments. Estimates of budgetary effects of certain tax policies can vary depending on the order in which those policies are enacted into law. The PAYGO statute lays out three rules for addressing costs associated with the interaction of these various provisions.

1. For the interaction between AMT relief and the middle-class tax cuts, all interaction costs are scored as part of AMT relief. Specifically, estimates for determining the AMT adjustment must assume that all of the middle-class tax cuts eligible for a PAYGO adjustment have been enacted, even if these tax cuts have not yet been enacted.

2. Estimates for determining the adjustment for the middle-class tax cuts must assume that AMT relief follows current law as of the end of 2009—that is, they must assume that the 2009 AMT patch expired at the end of 2009, even if AMT relief beyond 2009 has already been enacted.

3. To address the interaction between individual middle-class tax provisions included in the same piece of legislation, provisions must be scored in the order in which they appear in the legislation.

Section 8—Application of BBEDCA: Section 8 specifies how various provisions of BBEDCA, including the special sequestration rules in section 256 of BBEDCA and the baseline rules in section 257 of BBEDCA, apply to this new PAYGO statute.

Section 9—Technical Corrections: Section 9 corrects typographical errors in the text of BBEDCA.

Section 10—Conforming Amendments: Section 10 makes conforming amendments to section 256 of BBEDCA. This section establishes special rules for sequestration for certain mandatory programs or updates the special rules to reflect programs as they now exist.

Section 11—Exempt Programs and Activities: Section 11 lists mandatory programs and activities that are exempt from sequestration. Exemptions under this Act are consistent with the exemption list that was first created in 1990.

That said, the exemption list has been updated to address accounts that have had their account names or numbers changed since 1990, or have been merged or divided. Further, new accounts (since 1990) have been treated the same way that analogous accounts were treated. For example, in the 1990 law the major low-income programs such as Medicaid were exempted from sequestration. The Children's Health Insurance Program (CHIP), new since 1990, is in the same category as Medicaid and also exempt.

The list has been expanded to clarify the treatment of certain transportation programs, notably federal-aid highways and grants-in-aid for airports. The budgetary treatment of these programs is split. They receive mandatory contract authority through authorization bills, but are treated as discretionary programs because their annual spending is controlled by obligation limitations in appropriations bills. These programs are exempt from sequestration to the extent they are controlled by obligation limitations. Remaining mandatory resources in these programs are subject to sequestration.

Finally, as noted in Section 6, non-exempt accounts are subject to a single, uniform percentage cut if a sequestration is required (except Medicare, where the cut is limited to four percent). Under the 1990 law, if a small sequestration was needed, four programs would have been the first ones sequestered: special milk, vocational rehabilitation state grants, student loans, and foster care / adoption assistance. Because this PAYGO statute eliminated this rule, the first three of those programs are treated as any non-exempt account would be treated. But the foster care account is included in the exempt list on the grounds that it is like other low-income programs that were exempted from sequestration in the 1990 law.

Section 12—Determinations and Points of Order: Section 12 affirms that nothing in this Act is intended to limit the authority of the Budget Committee Chairmen to make determinations and estimates of the costs or savings of legislation. In addition, the section authorizes CBO to consult with the Budget Committees to resolve any ambiguities in the interpretation of the Act.

The PRESIDING OFFICER. The majority leader.

ORDER OF PROCEDURE

Mr. REID. Madam President, I ask unanimous consent that the order with respect to debate prior to the cloture vote on the Bernanke nomination be modified to provide that the debate prior to the cloture vote be extended until 3:20 this afternoon, with the majority controlling 60 minutes of that time and the remaining time under the control of the Republicans; that at 3:20, the Senate proceed to vote on the motion to invoke cloture on the nomination; that if cloture is invoked on the Bernanke nomination, then all postcloture time be yielded back and the Senate then immediately vote on confirmation of the nomination; that upon confirmation, the motion to reconsider be considered made and laid upon the table, the President be immediately notified of the Senate's action, and the Senate then resume legislative session.

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

EXECUTIVE SESSION

NOMINATION OF BEN S. BERNANKE TO BE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to executive session to consider the following nomination, which the clerk will report:

The assistant legislative clerk read the nomination of Ben S. Bernanke, of New Jersey, to be Chairman of the Board of Governors of the Federal Reserve System.

Mr. REID. Madam President, we want to make sure that all Senators understand, we will be debating through the respective meetings the two caucuses are having. It is important we get this done in the time allotted, so people will not be able to wait until after 3:20 to do their speeches.

On the Democratic side, I yield 3 minutes to the Senator from South Dakota, TIM JOHNSON.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. JOHNSON. Madam President, I rise in support of the reconfirmation of Chairman Ben Bernanke to serve another term as Chairman of the Federal Reserve Board of Governors. As the administration and Congress continue to look for ways to restore our Nation's financial stability, promote economic recovery, and work on legislation to ensure that another economic crisis like the one we faced last year never happens again, we need Chairman Bernanke's steady leadership.

While there has certainly been criticism of the Federal Reserve for not doing enough to protect consumers and for the unprecedented actions it took during the financial crisis, there is also consensus that Mr. Bernanke kept our Nation out of a depression and has kept inflation in check.

As our Nation recovers and faces additional challenges in the months ahead, there is no doubt that having one of the world's foremost experts on the Great Depression at the helm of the Fed is a benefit to our Nation.

But it cannot be business as usual for the Fed. Like the many banks on Wall Street, the Fed must be more transparent and more accountable for its actions. The Federal Reserve cannot just be the organization that picks up after a financial institution fails while placing our entire economy at risk in doing so. The status quo at the Fed is not acceptable, and our Nation needs a central bank that is proactive in addressing concerns within financial institutions and the economy.

I believe Mr. Bernanke is committed to these goals, and I support Mr. Bernanke's confirmation.

Madam President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Alabama.

Mr. SHELBY. Madam President, I rise today to oppose—to oppose—the reappointment of Ben Bernanke for a second term as Chairman of the Board of Governors of the Federal Reserve System.

The principal reason for my opposition to this nomination is that I believe in accountability. In particular, I believe it is the duty of this body; that is, the Senate, to hold accountable those regulators whose poor oversight of our financial institutions and markets helped produce the greatest economic crisis this country has experienced in some 80 years.

Because the Federal Reserve, during Chairman Bernanke's tenure, failed to take the steps to ensure that our financial institutions were properly regulated and would not need Federal bailouts to survive, I do not believe Mr. Bernanke should be confirmed for another term.

Prior to the recent financial crisis, as a member of the Board of Governors, Dr. Bernanke advocated monetary policies that contributed to excessive risk taking. Subsequently, as Board Chairman, he ignored or downplayed serious emerging risks. He failed to use regulatory authority available to the Fed to prevent housing speculation and unsound lending practices, often misjudged the nature of problems in markets, contributed to market turbulence by appearing to act inconsistently and in an ad hoc manner. He failed to ensure transparency of actions and basically took actions damaging to the political independence of the Federal Reserve and of our Nation's monetary policy.

I do not believe Chairman Bernanke has executed sound judgment and oversight over the Fed's monetary policy, lender of last resort, and regulatory and supervisory functions. I will explain.

Chairman Bernanke advocated a policy of remarkably low interest rates for an extended period of time following the 2001 recession, providing an environment that helped fuel a speculative bubble in real estate lending. Subsequently, in the face of rising home prices and risky mortgage underwriting practices, the Fed failed to act under Bernanke's watch by choosing not to use its rulemaking authority over mortgages to arrest the risky practices and address growing risks. Yet, amazingly, given a history of failure in supervision and regulation, Chairman Bernanke now continues to actively campaign for maintaining and further expanding the regulatory powers of the Federal Reserve.

The financial panic our markets experienced in 2008 was the most severe, as I said, in modern memory. Its repercussions have resulted in our unemployment rate surging to more than 10 percent and the worst economic growth in a generation. Our present economic problems, however, are no accident. In large measure, they stem directly from the actions of our financial regulators.

It is the responsibility of our financial regulators to ensure that our financial institutions are properly supervised and that they promote, rather than threaten, our national economy. Unfortunately, the recent financial crisis demonstrated that our financial regulators did not do their jobs. Our banks were undercapitalized, mortgage lending standards were far too loose, and expectations of government bailouts were too prevalent.

Dr. Bernanke's Federal Reserve played a key role in setting the stage for the financial crisis we are in now.

First, under his leadership, the Federal Reserve failed to ensure that our financial institutions were adequately capitalized, as I mentioned a minute ago. Indeed, the Federal Reserve, our Federal Reserve, led the effort to reduce capital in our largest financial institutions through the adoption of the Basel II capital accords. The Fed even considered abandoning the leverage ratio, which ensures that all banks maintain at least 4 percent of capital.

Think about it a minute. As a result, when the crisis struck, many of our financial institutions did not have the capital necessary to withstand the downturn. Not surprisingly, the Federal Reserve then argued that a taxpayer bailout of the banks was the only way to prevent an economic collapse. But rather than do its job and ensure that our financial institutions were adequately capitalized, the Fed waited until the crisis was at hand and then rescued its banks with taxpayer funds.

Think about it a minute. Ben Bernanke's Federal Reserve also failed to detect and address the decline in lending standards and growing use of subprime loans. At the core of our financial crisis is the fact that far too many home loans were made that borrowers will be unable to pay, probably ever.

The failure of Bear Stearns, Lehman, Washington Mutual, and AIG largely stems from the sharp declines in mortgage values. Although Congress gave the Federal Reserve authority to address lending standards and subprime loans when it passed the Home Ownership and Equity Protection Act in 1994, the Fed failed to enact strong regulations until 2008—more than 2 years into Chairman Bernanke's term.

In addition, Ben Bernanke's Federal Reserve has failed to adequately supervise many of our largest financial institutions, most notably Citigroup. For years, it has been no secret that the problems of Citigroup have been well known everywhere, but the Federal Reserve always sought to look the other way rather than deal with its complicated problems.

By failing to address Citigroup during the good times, the Federal Reserve left our largest financial institution at that time highly vulnerable to the next downturn. In the end, the Federal Government had to inject $40 billion and guarantee more than $300 billion of Citigroup's assets. The Fed's failure as a supervisor—the regulator—placed U.S. taxpayers and our economy directly at risk.

Regardless of how Chairman Bernanke performed during the financial crisis, the record of the Fed leading up to the crisis should not be ignored by the Congress. A close examination of Chairman Bernanke's performance during the financial crisis reveals that he was too slow to recognize how serious the situation was, and when he did react, he acted in an ad hoc fashion that greatly exacerbated the crisis.

After the housing market bubble began to burst in 2006, Chairman Bernanke was slow to entertain possible spillovers from housing into the general economy and the financial system itself. Even after Bear Stearns failed, Chairman Bernanke did little to prepare for additional failures. In other words, Bernanke fiddled while our markets burned.

In the 6 months between the failures of Bear Stearns and Lehman, the Federal Reserve did very little to prevent either another taxpayer bailout or a sudden and disorderly collapse of Lehman, even though the problems were well known to the Fed and to everybody else. As a result, when Lehman was ultimately allowed to fail, our markets responded sharply because they could not understand why the Fed let Lehman fail but rescued Bear Stearns.

Markets need clarity about policy, especially in times of crisis. Yet just when our markets needed clarity about Fed policy, Chairman Bernanke's ad hoc responses left our markets in the dark. Consequently, the failure of Lehman was far more disruptive and damaging than it needed to be.

Bernanke's response to the financial crisis also raises questions about his judgment. In October 2008, he appeared before the Banking Committee in the Senate to urge the passage of TARP. He testified that the government purchase of toxic assets from banks was the best way to respond to the financial crisis.

At the time, as a lot of you know, I opposed TARP because I did not believe purchasing toxic assets was a workable solution or we should bail out anybody. I argued that it risked making our financial problems worse by indirectly causing the failure of other financial institutions, and it did.

Despite Chairman Bernanke's urging that an asset purchase was the best solution, just days after the passage of TARP, the Treasury Department and the Federal Reserve abandoned the very asset purchase plan that he judged to be the best course forward when he testified before Congress. Equity injections were employed because the asset purchase plan was proven to be unworkable, he said.

The full story of AIG is yet to be told. Unfortunately, the Fed and other regulators have gone out of their way to hide what really has gone on at AIG both before and after the bailout from Congress. What is clear, however, is that the Fed knew more about AIG's problems than it has admitted so far.

The Fed has repeatedly stated that it did not learn of AIG's problems until the weekend of September 12, 2008, and that it was stunned to learn of its problems. Really? Yet in his recent book, "Too Big to Fail," Andrew Ross Sorkin reports that the CEO of AIG met with then-New York Fed President Tim Geithner about AIG's problems on at least two occasions prior to September 12, 2008.

On one occasion, AIG's CEO gave Mr. Geithner, at that time, documents detailing AIG's financial condition and its exposures to other financial institutions. We still do not know what Treasury Secretary Geithner, at that time, did upon learning about the problems at AIG, or whether Chairman Bernanke knew of AIG's meeting with the New York Fed at that time, Mr. Geithner.

The fact that the Fed may have known about the problems at AIG before its collapse raises serious questions about whether they ignored early warnings and failed to take action before the situation became untenable without massive taxpayer bailouts.

Many have said that if Chairman Bernanke is not reappointed, financial markets will be rattled. The notion seems to be that continuity of leadership will be valued more by markets than the assurance of responsible and accountable leadership at the Fed. I believe this perspective is short-sighted and wrong. I believe it is more important to find the most competent person available for the job than to simply adhere to the status quo.

It is also wrong to speculate as to what might happen should someone other than Mr. Bernanke serve as Chairman. I believe it is far more important to consider the facts surrounding Chairman Bernanke's record than it is to speculate about the impact of his departure. The record clearly indicates that considerable economic devastation occurred as a result of Chairman Bernanke's loose monetary policy and weak regulatory oversight. Millions of people are now out of work in this country and trillions of dollars in savings have been lost.

Those who try to frighten others with notions of what might happen are ignoring the hard reality of what already has happened. If we don't hold Chairman Bernanke accountable, what precedent are we setting for future regulators? What incentive will they have to take the tough steps necessary to ensure that our financial institutions are adequately regulated? I fear that the prospects of a high-paying job on Wall Street will diminish a lot of the incentives to be a good regulator unless they know Congress will hold them accountable if they fail to do their job. How can we ever expect our regulators to perform if, after the greatest financial crisis in living memory, not a single culpable regulator is held accountable?

Unfortunately, this is a theme that is repeated too often in Washington. Something terrible happens, and although Congress exposes both institutional and individual failures, nobody is held accountable, and the only thing that ever seems to happen is the failed institutions, along with their failed leaders, get more authority and more money. This needs to end.

The American people rightly believe that any one of us who neglects to do our job should be held to account, not rewarded. I intend to do my job and vote no on a second term for Ben Bernanke.

The PRESIDING OFFICER (Mr. BURRIS). The Senator from Connecticut.

Mr. DODD. Mr. President, I yield 5 minutes to my colleague from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. MENENDEZ. Thank you, Mr. President. Let me thank my distinguished chairman of the Banking Committee for yielding time.

I rise in support of a man whose position I do not envy. Chairman Bernanke has faced some extraordinary economic circumstances and he has kept a steady hand on the tiller in a perfect economic storm that has threatened this Nation's underlying financial stability. Faced with an economy that was headed in a downward spiral, Chairman Bernanke and the Fed had what appeared to be a set of Hobson's choices: Make tough decisions or preside over a global economic meltdown. I think most of us agree that doing nothing was not an option.

Having said that, I do believe there was more the Fed could have done to mitigate the housing bubble, supervise the banks, enact muscular consumer protections, and provide credit to small businesses. I believe—and Chairman Bernanke admitted himself—he could have done more to mitigate risk and require higher capital standards.

In the future, I expect the Fed will be more responsive to the needs of Main Street, where there is small business innovating, selling something or creating the new jobs of the 21st century, and to the needs of American families across this country. I expect it will be more vigilant to prevent a repeat of the economic crisis we have experienced and will get ahead of future challenges we will face, such as commercial loans and credit card defaults.

But despite these reservations, I will be voting in favor of confirmation because it is my belief that history will show the recession would have spiraled into a depression had Chairman Bernanke been timid or equivocal in his actions. I am voting yes because, in my view, Chairman Bernanke has proven his leadership and his value to this Nation during this unprecedented crisis. To vote against confirmation would unnerve investors and exacerbate economic uncertainty in an economy that needs confidence and stability, not volatility.

I believe Chairman Bernanke is an astute scholar of the Great Depression and is now arguably the first and foremost expert on the great recession. At this moment in history, someone who has learned from two of the most devastating economic disasters in American history is certainly qualified to lead the Fed.

I will vote yes because, in my view, what we should not do is change leadership at the Fed at a time when what we need most is a steady, experienced hand at what appears to be the very beginning of an economic recovery. I will vote yes because, recently, Chairman Bernanke has committed to more muscular regulatory reform that will corral the bulls on Wall Street. He has had the will to take politically unpopular strategic action, which history will show was necessary under the economic circumstances created by the last 8 years of runaway, laissez-faire financial regulatory policies. He understood the importance of keeping inflation low, forcing down interest rates, and stabilizing the financial system. At this time, his work is not yet done, and I believe we need the wisdom of patience. As Elizabeth Barrett Browning said: ''Measure not the work until the day's out and the labor done.''

I will vote yes because Chairman Bernanke has vowed, in a letter to acting Comptroller General Gene Dodaro, to provide all records necessary for a GAO audit of the Fed to give a clear understanding of his and the Fed's actions in the $182.3 billion bailout of AIG. I will vote yes because I believe he understands the danger of exacerbating the crisis by tightening monetary policy at the wrong time.

President Kennedy said: ''In knowledge's light we must think and not act only for the moment but for our time.''

He told the story of a man who asked his gardener to plant a tree, but the gardener objected saying the tree was a very slow-growing tree and that it would not reach maturity for 100 years, to which the man replied: In that case, there is no time to lose. Plant it this afternoon.

Let us not step back and succumb to the urge to act for the moment but do what is right for our time. Solving our economic crisis surely will not take 100 years, but the seeds of recovery that are taking place right now need to be nurtured by an experienced hand.

I urge my colleagues to join me in voting to ensure confidence and stability at the Fed, not volatility; the type of confidence and stability that is necessary for our time.

I yield back the remainder of my time to the chairman.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. BUNNING. Mr. President, I yield myself such time as I may consume. I have up to 30 minutes, but I don't think I will use that.

Four years ago, when Chairman Bernanke was first nominated to be Chairman of the Federal Reserve, I was the only Senator to vote against him. In fact, I was the only Senator to raise serious concerns about his nomination. I opposed him because I knew he would continue the legacy of Alan Greenspan, and I was right. But I did not know how right I would be, and I could not imagine how wrong he would be in the following 4 years. From monetary policy to regulation, consumer protection, transparency, and independence, Chairman Bernanke's time as Fed Chairman has been a failure. We must put an end to his and the Fed's failure, and there is no better time than now.

The Greenspan legacy on monetary policy was breaking from the Taylor rule to provide easy money and, thus, inflate bubbles. Not only did Chairman Bernanke continue that policy when he took control of the Fed, but he supported every Greenspan rate decision when he was a Fed Governor before he became Chairman. Sometimes he even wanted to go further and provide more easy money than Chairman Greenspan. Yet, even to this day, Chairman Bernanke continues to deny that Fed actions played any role in inflating the housing bubble, despite overwhelming evidence and the consensus of economists to the contrary. In his efforts to keep filling the punchbowl—which is a term used by Chairman Bernanke himself—he cranked up the printing presses to buy mortgage securities, Treasury securities, commercial paper, and other assets from Wall Street. Those purchases, by the way, led to some nice profits for the Wall Street banks and dealers who sold them to the Fed.

On consumer protection, Chairman Bernanke went along with the Greenspan policy before he was Chairman and continued it after he was promoted. The most glaring example is it took him 2 years to finally regulate subprime mortgages, after the Fed had already done nothing for the prior 12 years. Even then, he only acted after pressure from Congress and after it was clear subprime mortgages were at the heart of the economic meltdown. On other consumer protection issues such as credit cards, he only acted as the time approached for his confirmation to another term at the Fed.

As the economy started to slide and the housing bubble peaked and then burst, Chairman Bernanke failed to notice the problems or do anything about them until it was too late. During that time, he made many statements showing how much he did not understand what was going on in the economy or how severe the crash would be. I wish to read a few of those statements so everyone understands how wrong he has been.

In March of 2007, this is what Chairman Bernanke said:

> The impact on the broader economy and financial markets of the problems in the subprime markets seems likely to be contained.

Then, in May of that year, he said:

> We do not expect significant spillovers from the subprime market to the rest of the economy or to the financial system.

The following February he said:

> Among the largest banks, the capital ratios remain good and I don't expect any serious problems of that sort among the large, internationally active banks that make up a very substantial part of our banking system.

A few months later, in June of 2008, he said:

> The risk that the economy has entered a substantial downturn appears to have diminished over the past month or so.

Then, in July of 2008, he said Fannie Mae and Freddie Mac are ''adequately capitalized'' and ''in no danger of failing.''

Finally, in May of last year, speaking about the unemployment rate, he said:

> Currently, we don't think it will get to 10 percent.

Well, we all wish he had been right on that one.

I could read a few more quotes, but I think those are enough to show how wrong he has been on major economic issues. Of course, everyone makes mistakes, so I asked Chairman Bernanke about these errors in written questions I gave him after his confirmation hearing. His answers did not make me feel any better. He said the Fed did not understand the relationships between financial firms, how the problems in the financial sector would move to the real economy or how severe the financial crisis would be. That is in his written response to me. I thought those were the kinds of things regulators and the Fed, in particular, were paid to understand and address. We shouldn't be paying Fed Chairmen to learn on the job.

Just like with consumer protection, Chairman Bernanke did not take the job of regulating the banks under the Fed's authority seriously. Instead of close supervision of the biggest and most dangerous banks, he allowed them to grow their balance sheets and increase risk. The same is true on derivatives. After taking over the Fed, he did not see any need for serious regulation of derivatives until it was clear we were headed to a financial meltdown thanks, in part, to those products.

Even worse than the failures and flawed policies I just mentioned, Chairman Bernanke destroyed the independence of the Fed. He bowed to the political pressures of the Bush and Obama administrations and turned the Fed into an arm of the Treasury. Walking arm-in-arm with the Treasury, Chairman Bernanke bailed out all the large financial institutions, including many foreign banks. And he put the printing presses into overdrive to fund the government's spending and hand out cheap money to Wall Street. Instead of taking that money and lending to consumers and cleaning up their balance sheets, the banks started to pocket record profits and pay out billions of dollars in bonuses.

And now it appears that Chairman Bernanke is compromising the independence of the Fed to get votes for his confirmation in the Senate. After a meeting with Chairman Bernanke, the majority leader issued a statement saying that he had expressed concerns to Chairman Bernanke about things that the Fed was not doing and that Chairman Bernanke committed to take action. The majority leader also went on to state that his support for Chairman Bernanke was ''not unconditional''. I do not question the majority leader's intent or actions here, and I certainly do not have a problem with a

Senator telling the Fed Chairman about his concerns or urging him to take actions. I have done so myself on many occasions. And it is not a problem for the Fed Chairman to agree that he and the Fed need to address concerns raised by a Senator. But what is not appropriate is the Fed Chairman making commitments in order to secure votes for himself. I hope that is not what happened in this case.

Now with great power goes the responsibility to use that power in an open and transparent way. We have all heard Chairman Bernanke talk a lot about transparency, but his actions speak a lot louder than his words. He promised Congress more transparency when he first became Chairman, and he promised us more transparency when he came begging for TARP. While he has published some more information than before, those efforts fall short and he sill refuses to provide details on all of the Fed's actions over the last 2 years.

After his confirmation hearing, I asked Chairman Bernanke for a list of documents for us to review, all of which are reasonable for Congress to see. For example, the list included documents about the bailouts of Bear Stearns and AIG, information about the Fed's regulation of banks before and during the crisis, and transcripts of monetary policy meetings that have not yet been made public. But his answer made it clear that he is not going to open up the Fed's actions to review by Congress or the taxpayers. Instead of providing those documents, what I got in return was a folder full of paper they printed off the Fed's web page. That kind of response is not only disrespectful to the Senate, but it raises the question of what they are hiding.

Following the markup of Chairman Bernanke's nomination, Chairman DODD did arrange for Banking Committee members and staff to review some of the documents surrounding the AIG bailout. I thank him for doing that, and I took him up on the offer and went down to the Fed myself to look at them. In reviewing those documents, some interesting and useful facts came to light that will be helpful as we craft banking reform legislation. More important for what we are talking about today, some of those documents contain new information that raises serious questions about Chairman Bernanke's judgment, leadership, and personal role in the AIG bailout. Unfortunately, under the agreement with the Fed to get access to those documents, I am not allowed to talk about the details and I was not able to bring copies back to show to other Senators. I think that every Senator should be able to see these documents prior to voting, and I asked Chairman DODD to subpoena them this week, but that has not happened. Senators should be especially concerned about voting now because last week Chairman Bernanke himself asked the GAO to conduct a review of these same documents, but that review will not be completed and made public until after the vote has been taken here in the Senate.

While all of the reasons I just mentioned are enough to vote against Chairman Bernanke, the simplest reason is that a vote for Ben Bernanke is a vote for bailouts. Chairman Bernanke has been in the middle of all of the financial bailouts during this crisis. It was his Fed that bailed out Bear Stearns in March of 2008. It was his Fed that bailed out AIG in September of 2008. And it was Chairman Bernanke along with Secretary Paulson who came to Congress begging for TARP. So if you like those bailouts, by all means vote for Chairman Bernanke. But if you want to put an end to bailouts and send a message to Wall Street this vote is your chance.

I urge you to vote no on the confirmation of Chairman Ben Bernanke for another 4-year term as Fed chairman.

I yield the floor and reserve my time.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, I will address the Senate for 3 minutes, if I can, and then reserve the remainder of my time for later in this debate.

Let me say to my friend and colleague from Kentucky, a member of our committee, and a worthwhile member of the committee, that while we disagree on this nomination, I am appreciative and he raises good questions with a great deal of passion and conviction on these matters. I appreciate his gracious comments about my efforts to try to accommodate his legitimate interests in learning as much as we can about the matter affecting AIG, where $180 billion of taxpayer money was involved.

There are a lot of investigations going on by the GAO, as well as by the independent commission, as well as individual Senators getting information. While it may not be satisfactory to everyone, there is an effort being made to make sure people can be as informed as they possibly can about that matter. There is a hearing that went on on the House side on this issue.

The matter before us is obviously whether to confirm Mr. Bernanke as Chairman of the Federal Reserve for a second term. I am a strong supporter of this nomination. I will explain why briefly, and then I will complete my remarks a little later in the debate.

I have yet to meet a nominee I have voted for that I was 100 percent for. But when it comes to a nominee with a record that is not going to necessarily be embraced by all 100 people here, the issue of certainly looking back is important to do. But the most important issue relative to the questions of looking back or forward is—and I think most Americans would agree—where are we today, and where are we going in these matters. I believe over the last year—or a little more than a year—the chairmanship of Ben Bernanke has, in no small measure, made it possible for this Nation to avoid a catastrophe that I think would have looked maybe larger than the Great Depression did because of the global decisions that needed to be made. Had it not been for Ben Bernanke, I think we would be looking at a very different America today.

It wasn't my choice that Mr. Bernanke become Chairman of the Federal Reserve. The previous administration nominated Mr. Bernanke, and I voted for him. When I became chairman of the Banking Committee in January 2007 for the first time, I went through a very frustrating year on that committee. On February 7 of 2007, I had my first hearings in the issue of the mortgage crisis in the country. We had 12 such hearings in this committee over the remaining 10 months—almost 1 every month on this issue. Yet, I could not get the Chairman of the Federal Reserve to pay as much attention as I thought he should have. Beginning in the latter part of 2007 and going forward, his leadership, in my view, was absolutely critical in avoiding the kinds of problems this country faced.

I will speak for a few more minutes later. I think we would make a great error indeed if we were to reject this nomination, if we do not terminate this filibuster and vote up or down on this nominee and provide the confidence and stability our markets demand. This economy, as fragile as it is, will get back on its feet again. To do otherwise would do great damage to our Nation at this critical moment.

I yield the floor and withhold the balance of my time.

I yield 5 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. WHITEHOUSE. Mr. President, I wish to comment today on the nomination of Ben Bernanke for a second term at his critical post on the Federal Reserve.

As our Nation continues to recover from the worst financial crisis since Black Tuesday in 1929 and the deepest recession since the Great Depression, the chairman of the Federal Reserve is one of the most important positions in the Federal Government.

Earlier this month, Goldman Sachs—the Wall Street behemoth—announced a bonus pool of $16.2 billion. JP Morgan recently handed out a $9.3 billion set of bonus payments. The Wall Street Journal reports that Bank of America is expected to match the bonus level that it paid in 2007—prior to the collapse of the financial bubble and the taxpayer bailout.

These bonuses make it clear that Wall Street has recovered from the economic downturn—a recovery further indicated by the TED spread, which fell today to 0.17, signaling recovery for the banking system.

In contrast to the restored prosperity being enjoyed on Wall Street, Americans on Main Street still struggle through the aftermath of the Bush recession. Unemployment nationwide hovers around 10 percent. In some especially distressed areas, such as my State of Rhode Island, the employment situation is even worse. Rhode Island's official unemployment rate was 12.9 percent last month and the proportion of Rhode Islanders who are underemployed, working part time, or at jobs below their skill level is considerably worse than that.

Families in my State and across the Nation are struggling to pay for groceries and to stave off foreclosure. The economic distress is so widespread in places such as Rhode Island that hardly anyone remains untouched, directly or indirectly. It is heartbreaking to drive around parts of Providence, where nearly every house on the block is boarded up, where families have been evicted from their homes, and the neighborhood is now in physical decay. The explosion of the housing bubble left wreckage across this Nation, which will take years, perhaps even decades, to clean up.

Ben Bernanke bears considerable responsibility for the lax regulation that brought about the housing bubble. There is no mea culpa he can profess that will erase that fact from history. And to make matters worse, a quick review of his public statements in the months leading up to the crisis demonstrates a troubling pattern of false confidence.

On February 27, 2008, months before the start of our great recession, Chairman Bernanke said this:

> The nonfinancial business sector remains in good financial condition with strong profits, liquid balance sheets, and corporate leverage near historic lows. . . . By 2010, our most recent projections show output growth picking up to rates close to or a little above its longer term trend, and the unemployment rate edging lower.

Here we stand in 2010, and it could not be more clear that Mr. Bernanke was wrong.

Regarding the housing crisis, on May 17, 2007, Chairman Bernanke said:

> We do not expect significant spillovers from the subprime market to the rest of the economy or to the financial system.

Again, he could not have been more wrong.

Regarding the strength of our financial sector, on February 28, 2008, Chairman Bernanke said:

> Among the largest banks, the capital ratios remain good and I don't expect any serious problems.

We need a Fed Chairman with the foresight to anticipate problems and to take action before they occur. Chairman Bernanke has clearly not demonstrated this capability.

As the President of the United States noted in his State of the Union Address last night, the bank bailout was about as popular as a root canal. It appears Chairman Bernanke will be reconfirmed, but I want to express with my vote that the leaders of President Obama's economic team must pivot from the necessary rescue of our major financial institutions to equally if not more necessary help to America's families.

In prioritizing the recovery of Wall Street, I believe leaders at the Fed and the Treasury made significant errors in several key areas:

First, failing to establish a due process mechanism to legally make adjustments to Wall Street pay, bonuses, and counterparty liabilities, so they all had to be paid 100 cents on the dollar.

Second, hoarding the TARP reserve for banks, long after banks were secure, when families were desperate for help. But, no, they clung to that reserve just in case the banks needed it, never mind the present need of American families.

Third, allowing the banks to prevent families—and this Chamber fighting against it—access to bankruptcy courts to readjust their home mortgage debts the way any other debtor can do for any debt, including the big banks themselves.

Fourth, giving banks and investment banks unlimited access to zero-percent loans at the Fed window to use for arbitrage, while profitable small businesses are desperate for credit to use for jobs. Other nations—the UK and France—have announced special taxes on banker bonuses to help pay for bailouts. Not here. If you are a scorekeeper of our recovery, it looks as if it can be summarized in a two-word phrase: bank wins. That is not a balanced score.

I will conclude by saying that whoever leads the Fed for the next 4 years, I urge that we start prioritizing help for the middle class. The Fed has enormous powers that could be used to help people. It can regulate credit card rates. It can force big banks to reduce principal on underwater mortgages. It can provide credit to small businesses. If our Nation's central bank is to regain the confidence of the American people, its priorities must serve the American people.

I thank the distinguished chairman. I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. GREGG. Mr. President, I believe my time is being yielded off of Senator SHELBY's time.

I rise in support of the confirmation of Chairman Bernanke to another term as head of the Fed. There are a lot of reasons. Let's begin with the most obvious one because I think it is also one of the most important.

In the fall of 2008, we were looking over a precipice of massive disaster to our financial structures in this Nation. We were at a point where it was a distinct possibility that the entire financial system of this country was going to implode. What would have been the implications of that had it occurred? What would have been the outcome of that had it occurred? Not only would we have lost the basic superstructure of our banking system in this country, which is at the essence of a strong economy, a good banking system, because credit, especially in our capitalist system, is a critical element in order to create prosperity—people have to be able to get credit in order to take risk and create jobs—but equally important, the implications to everyday Americans would have been overwhelming.

I understand it is difficult for people to appreciate how severe that was because the event did not happen. But had it occurred, had the financial system collapsed, as I believe it probably would have, then everybody in this country would have found their lifestyle and their quality of life reduced, I suspect, because the capacity to just basically operate a business would have been significantly constricted. Just getting money from your bank would have been a problem. The ability to get loans would have disappeared for a while. It would have created a massive disruption in our economic structure which, it is projected by some, would have led to unemployment rates of as high as 25 percent. I don't know if that is true, but those are the projections from some realistic people.

This did not happen. Yes, we went into a very severe recession and, yes, that recession is still hurting Americans. There are still Americans hurting as a result of it. But the massive collapse did not occur. It did not occur because a few people stood up and took very aggressive action, much of which was totally new and out of the box in the way it proceeded.

One of the two key players in this effort was the Secretary of the Treasury. The other key player was the Chairman of the Fed. Two Secretaries of the Treasury stood up and made the tough calls—Treasury Secretary Paulson and Treasury Secretary Geithner. But there was only one Fed Chairman throughout this whole period. He took the Fed down a path which it had never been down before. He injected over $2 trillion of liquidity into the economy. He basically allowed the Fed to become the lender of the Nation. Nobody had ever done that. The way he did it was extraordinary in its creativity, and the results were that the country's financial system did not collapse. Many Americans' everyday lives were not fundamentally disrupted because of the actions of Chairman Bernanke. He deserves credit for having been willing and courageous enough to have made these types of decisions. That was the type of leadership we needed—strong, definitive leadership at a moment of acute crisis. That is what Chairman Bernanke gave our Nation. He deserves to be confirmed just for that action alone.

There is no question but you can Monday morning quarterback what he did and you can analyze it and you can probably say he should have done this better or that better. No question about that. But the fact is, the results of what he did accomplished the goal, which was to stabilize the financial institutions of this country. The way I describe it is as if you are coming to a bridge in a car with your family in it and the superstructure of that bridge is about to collapse. But somebody comes along and they fix the bridge just as you get on it. You drive over the bridge, and you did not even know it got fixed, but it was fixed. And if it had not been fixed, you would have had a disaster. That is what Chairman Bernanke and Treasury Secretaries Paulson and Geithner did for our Nation. He deserves to be reconfirmed for that reason.

The second reason he needs to be reconfirmed, in my opinion, is because as we look forward, we are still looking at some very tough times. The money, the liquidity that was required to be put into the system—this $2 trillion—as the system recovers becomes a risk for the system. We all know that. If that liquidity is allowed to play itself out and to multiply, we could end up with a fairly significant inflationary event. As we all know, inflation is the cruelest tax of all because it devalues people's savings and it undermines the productivity of a nation.

How this liquidity comes out of the markets, how we get this $2 trillion-plus, as it has been multiplied, out of the system is going to be a very complicated but very important undertaking, and it is going to be primarily the responsibility of the Fed to do that. Chairman Bernanke has outlined fairly clearly, and I think in a very positive way, how he intends to accomplish that, how the Federal Reserve will start to draw down that liquidity. As far as I know, it is the only proposal out there that has any legitimacy, and it is an important proposal as we go prospectively. We need him in that spot not only out of respect because he did such a great job, an important job, and a successful job in stabilizing the financial situation of the late 2008 and 2009 period but also because we need him to deal with the prospective problem. That is another reason to confirm him.

Some will argue that he should not be confirmed because for years he participated, along with Chairman Greenspan, in keeping the money supply, the rates on interest too low.

That is a debatable point. I tend to think the rates were too low for too long. I think it is one of the reasons we ended up with this huge bubble in the real estate industry and it is one of the drivers, but I don't think that was the primary driver of what caused this financial downturn in this huge real estate bubble. The primary driver was a decoupling of the responsibility to lend constructively from the people who were actually doing the lending. We had a breakdown in underwriting standards, to put it quite simply. Because we had all these different people originating loans who had no real interest or vested interest in the loans because they were selling them and because a lot of our banking institutions had become lax in their underwriting standards, loans were being made to people who could not pay the loans back on assets which did not have the value to support the loan. People were not looking at the loans; they were looking at the fees they were going to get, and then they were selling the loans. When loans got sold, they got securitized, subdivided, and multiplied as to the implications. That was not the Fed's failure. To some degree, in their oversight of bank holding companies, one can argue it was the Fed's failure. I tend to put that more on the bank supervisor as the authorities who were specifically on the ground.

So, yes, interest rates were kept too low too long, in my opinion. But is that a reason to reject him as Fed Chairman? I do not think so. That, again, is Monday morning quarterbacking. The real test of his ability to manage the money supply and to live up to the primary commitment of the Fed, which is to have sound money and a strong economy, was how he handled the crisis of late 2009 and, as a corollary into that, how he intends to handle the impending problems with the liquidity that is in the market and needs to come out of the market.

As I said before, if I was looking around for someone to do this job, this would be the person I would want to have because I think he is the best person for the job. Is he perfect? No. Nobody is perfect anywhere. But has he proven himself to be an extraordinarily talented and aggressive leader who saw a crisis, managed it, and kept a lot of Americans from having a much more severe impact on their lifestyle as a result of his actions? Yes, he has, and I think that is the test.

I certainly hope my colleagues will vote for him. I understand there is this populist fervor around here now. Populism has always been a heavy strain in our body politic in America. I understand populism usually has to have an enemy, and usually it has to be an enemy that can be hyperbolized into a conspiratorial group. And so the Fed, since it is separate from the formal government—intentionally so, and it has to be because we do not want the Congress managing our money supply. That would be a disaster. Look at what we do with the fiscal house. Think what we would do with the money supply. The Fed is a separate entity, and it is insular to a significant degree, and therefore it becomes an easy target for those who want to fire the flames of populism, both on the left and the right.

I honestly regret that the President has joined in this exercise because I think he has thrown kerosene on the fire. Regrettably, the fire was blowing through his own Fed Chairman nominee. But it was a foolish thing to do because you don't know where the fire is going to go when populism gets ignited.

Populism usually involves exaggeration, and it almost always involves misapplied purposes. The substance usually is very significantly different than the actual description of what the events are, and in this case that is true. The Fed is not some secretive institution which is trying to undermine the quality of life in America; just the opposite. The Fed is a very public institution that is audited, fairly completely, with the exception of the open market window, which shouldn't be audited because we don't want Congress managing money supply, and an audit of that responsibility would put the Congress in the business of managing the money supply.

Not only does it not undermine America's prosperity, it is the key to America's prosperity—or one of the keys—because it maintains a sound money supply and because, in a time of crisis—such as we had in late 2008—it is there to step up and make the tough decisions, independent of the political process, and it has proven it can do it.

I would hope we wouldn't allow all this fervor to find fault with people to overwhelm an extremely talented nominee who deserves to be reconfirmed and whom we, quite honestly, need in that position—as Chairman of the Federal Reserve.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. MERKLEY. Mr. President, I rise to oppose the nomination of Ben Bernanke as Chairman of the Fed. I do so as a member of the Banking Committee who voted against his nomination in that committee because I researched his record, and on that record I believe Ben Bernanke is not the right person to lead the Fed. In short, Ben Bernanke's decisions over the last 8 years as a member of the Federal Reserve Board, as Chairman of the Council of Economic Advisers, and as Chairman of the Fed helped set the fire that destroyed our economy.

Mr. Bernanke is a calm and unassuming man, responsive and thorough in his explanations, and very likable. In addition, to keep the analogy, he has done a good job with the firehose over the last year. He understood that tightening credit during a collapsing bubble in the economy would be akin to turning off the fire hydrant in the middle of a fire. He did keep the fire hydrant turned on, and I give him credit for that. But now we need to rebuild our economic house. That takes an architect, not a fireman; that takes a builder, not someone turning on a fire hydrant. Based on his performance over the last 8 years, I do not believe Ben Bernanke is the right architect to rebuild our economy, an economy that will work for working families.

Consider the following: Ben Bernanke failed to react to the enormous danger from an interlocking web of derivatives that created high-speed channels for massive financial contagion. Simply put: Derivatives turn our financial institutions into a set of dominoes in which, if one falls, others fall, and Ben

Bernanke did not respond to the growing threat of derivatives.

Bernanke failed to respond to the increase of proprietary trading that amplified risk in both depository lending institutions and our financial system as a whole. Again, let me put this more simply. Gambling on stocks and bonds and derivatives is fundamentally incompatible with bank stability. But Bernanke did not respond. Ben Bernanke supported and advocated for policies that reduced capital and increased leverage in both commercial banks and investment banks, greatly magnifying risk across the system.

He supported Greenspan's philosophy of deregulation and self-regulation. He advocated for Basel II. What was Basel II? Basel II was to say to the largest banks in America: You can set your own leverage ratios. What did that result in? That resulted in banks going to a 30-to-1 leverage. If you invest money 30 to 1 in an up market, it is a killing. You make all kinds of money. But when you are at a 30-to-1 leverage and the market turns down, you blow up immediately.

There is not an analyst in America who can tell you at any one moment when the market will go up and when the market will go down. But they can tell you it will go up and down over a period of time. What goes up must come down. There is never going to be a steady upward climb forever. So if you allow 30-to-1 leverage, you are going to make a lot of financial institutions very happy. They are going to make a lot of money, until the market turns down. Well, Ben Bernanke set loose the leverage requirements that paved the path, that set this fire, that burned down our economy.

Ben Bernanke ignored the housing bubble. He failed to protect homeowners from deceptive practice committees. Why is this important? Let me explain what happened over those 8 years. Families went to their real estate agent and the real estate agent followed a strict code of conduct—a strict code of ethics—and they arranged to buy a house. They then went to a broker and assumed there would be a similar strict code of ethics and they were going to get a loan for their house. The broker said: You know what, home ownership has gotten very complicated; mortgages have gotten very complicated; I am going to be your adviser. I am going to be your adviser, trust me, and sign this loan right here. This will be the best one for you.

What was wrong with that was the homeowner did not know the broker was getting paid a large sum of money, called a yield spread premium, also known as a steering payment because they were designed to steer people into certain loans, also known as a kickback. The broker was receiving those, and families who qualified for prime loans ended up in subprime loans.

What institution was responsible for consumer protection on mortgages? The Fed was responsible. Ben Bernanke did not do a thing to protect consumers from this gross conflict of interest that torpedoed the financial prospects of millions of America's families for which he had direct responsibility.

In the Fed, monetary policy has been in the penthouse, as it must be. That is a primary responsibility—safety and soundness in the upper floors and consumer protection in the basement. We cannot leave consumer protection in the basement.

So I will close with this. Ben Bernanke was not alone in helping to set this fire. He had a lot of company. But over 8 years, he made critical mistake after critical mistake that, in the short-term, large financial institutions loved, but it set the conditions for our economy to burn down. The consequences for families were extraordinary—loss of jobs, loss of retirement, loss of savings. With the loss of a job came the loss of health care. That is an extraordinary amount of damage. Now we need someone to rebuild our economy, and Ben Bernanke is not that man.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

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

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

DEPARTURE OF ROBERT RUSSELL

Mr. PRYOR. Mr. President, Holmes had Watson, Mat Dillon had Chester, even Andy had Barney; for the past 20 years, I have had Bob Russell. Bob has long been a trusted friend, and for the past 7 years he has been my great chief of staff, providing valuable counsel, know-how, and humor. Bob is headed to the private sector, but I could not let him leave without thanking him for his public service in the Arkansas attorney general's office and in the Senate.

Bob was instrumental in assembling an exceptional team of talented aides, many of whom are in the gallery today. Over the last 7 years, he led that team as we steered a number of legislative initiatives to success, including legislation to improve children's safety, help military families, and strengthen Arkansas communities. None of these accomplishments would have been possible without Bob's hard work, integrity, and deliberation.

Bob believes in the ''do right'' rule. He came to the Senate to get these done for Arkansas, and when he realized that partisanship was getting in the way, he took action. Along with Tom Ingram, former chief of staff to LAMAR ALEXANDER, he formed the bipartisan chiefs of staff group. This informal group meets regularly to facilitate working relationships across the aisle. These friendships translate into solutions instead of barriers.

The so-called Gang of 14 is a prime example, where Bob and Tom recognized early on that common ground on Federal judges was more favorable than Senate gridlock. Just a few weeks later, 14 Senators, including myself, struck a deal that enabled the Senate to move forward with the judicial nominations and conduct regular business. That is the type of unseen influence Bob Russell has had on this place for the last 7 years.

I love Bob and I trust him. He is a good family man and he is a good Southern Baptist. On many Mondays, we would come in and say: Tell me about your sermon on Sunday. I will miss his presence and his insights. He has been a good mentor and adviser to me and to many on my staff and has made many lifelong friendships here in Washington. He is more than a chief of staff, he is my friend.

Frank Broyles is an Arkansas hero, well-loved for coaching the Razorbacks to a national championship and famous for developing assistant coaches. One of his players was Jimmy Johnson, who would later coach as an assistant at Arkansas under Broyles. It is tough to let an assistant coach go, but when he is that good, he deserves to go out and do great things on his own. I feel the same way about Bob, especially since I know that Ecclesiastes says:

> For everything there is a season, and a time for every matter under Heaven.

Johnson went on to win a national championship and two Super Bowls. I know Bob will go on to a highly successful career in his own right.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, I rise to speak in opposition to the nomination of the Honorable Ben Bernanke to be Chairman of the Board of Governors of the Federal Reserve System.

I am somewhat conflicted about Dr. Bernanke's nomination for a second term as Chairman of the Federal Reserve. Our Nation's economy is still reeling from a significant downturn, during which home values plummeted and foreclosures rapidly increased, wreaking havoc on our financial system. Markets tumbled, banks and businesses failed, and millions of jobs were lost. Ultimately, the American people have borne the brunt of this recession, watching jobs, homes, and life savings vanish, while seeing their hard-earned tax dollars bail out the bad actors that caused it.

That being said, the financial crisis could have been worse. It could have turned into a depression. So far, we are not there. I believe some of what Dr. Bernanke did was good. He is an expert on the Great Depression. He unleashed an arsenal of financial tools to combat the recession, he tried to inject liquidity into the financial sector, and did much to try to keep our markets afloat. While I commend him for that, I am very concerned about some of the precedent that has been set in this crisis.

I am especially troubled by the continuing expansion of TARP. Almost immediately after its passage, the Treasury Department deviated from the intent of the program. Instead of purchasing troubled assets, which we were told would be the purpose, the Treasury purchased equity stakes in over 300 of our Nation's financial institutions. It expanded the TARP to nonfinancial companies, pouring billions into AIG, General Motors, and Chrysler.

We must begin the effort to wind down TARP. With banks paying back their TARP receipts, we need to unwind TARP and pay down the deficit. Although some have suggested TARP is a revolving fund, the legislation was never sold as such—not ever. Americans are tired of excessive spending. If there is anything we ought to do right now, it is to stop spending TARP and stimulus funds that are not allocated and show the American people we have heard the message in Washington.

TARP was designed as a one-time injection of assistance to prevent financial institutions from collapsing and taking down the larger economy. Now that those financial institutions have gained their footing, we should pay back the American taxpayer. In bailing out our Nation's financial system and large banks, we have left the very real impression that no bank is too big to fail. This policy has allowed those who contributed to bringing our economy to its knees to right their ship at taxpayers' expense. It has helped these institutions access cheap capital from the government, adversely affecting safe and sound institutions such as community banks.

I am also concerned about the path our country is on in our recovery. In September, Chairman Bernanke said our recession was over. While our economy may be recovering, many Americans do not see it. At 10 percent, our national unemployment is still extraordinarily high, despite huge spending measures such as the stimulus package, which was supposed to create jobs. The debt and deficits our Nation has incurred over the past 2 years has sent our Nation's debt on an unsustainable trajectory.

Our debt is at $12.394 trillion. Earlier today, the Senate voted to once again raise the ceiling by an astonishing almost $2 trillion, the fifth time to do so in 18 months.

Under Chairman Bernanke's leadership, I do not think the Fed has paid enough attention to—nor has he talked enough about—the mounting debt and the immense burden it is going to place on our economy today and certainly on our children and grandchildren.

Fiscal sustainability is not on the horizon. Instead, we see endless spending as far as the eye can see: health care reform, cap-and-trade energy legislation, a possible second stimulus. All will be huge government programs which will not only raise our government spending but raise costs on individuals and businesses in the form of new taxes and mandates. I am concerned about the consequences this increase in spending will have on our economy.

I will not support Chairman Bernanke's nomination. I am conflicted, as some of the things he did were good, but his actions to save our economy have helped set a very dangerous precedent for the future. The precedent of massive spending is not the answer.

I will continue to examine the Fed's exit strategy and will most certainly encourage further action from Chairman Bernanke on our debt and our Nation's finances.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. SCHUMER. Mr. President, I ask 4 minutes be taken from the Democratic side's time?

Mr. DODD. That is fine. I know the Senator from North Dakota had asked to be heard.

Mr. SCHUMER. I thought I was next.

Mr. President, it was only a little over a year ago, with the collapse of Lehman Brothers, that we faced a financial crisis the likes of which few have seen in our lifetime. We were truly standing on the edge and staring into the abyss. For all intents and purposes the financial system was on the cusp of a total breakdown. A Great Depression loomed.

Now, a year later, while we cannot diminish the very real and large problems that remain in front of us, we did succeed in preventing the catastrophe that seemed very possible if not probable in the fall of 2000. Nobody was more important in preventing the collapse of the financial system and the rescue of the economy from what looked like imminent freefall than was Chairman Bernanke.

I was there at many of the meetings, and I saw his steady hand and guidance. That is why I am going to vote to reconfirm him as Chairman of the Federal Reserve Board.

The Fed certainly made mistakes in the runup to the financial crisis: failing to use its regulatory authority to rein in a skyrocketing credit boom, failing to adequately fulfill its responsibility to protect consumers from predatory lending practices in mortgages and elsewhere, and allowing too risky activities with too little protection.

While most of these policies began under the previous Chairmen, Chairman Bernanke presided over the Fed and continued them. That is something I am sure he is not proud of, but he has acknowledged that he has many lessons to learn from the crisis and he is working hard to make sure the same mistakes are not repeated in the future.

I also want to say a word about the consequences of failing to reconfirm him. Our economy, while struggling to return to solid ground, remains fragile. Unemployment is way too high. We have yet to turn the corner on sustained job growth. Businesses, small and large, are still having a hard time getting access to credit they need to expand and grow, or even, in many cases, doing business as usual.

Singling out Chairman Bernanke and the Fed for punishment might be temporarily satisfying for some, but it will not help a single business add jobs. It will not prevent a single homeowner from being kicked out of his or her house. Instead, it will accomplish just the opposite. By sending a message that the Federal Reserve and its monetary policy decisions are under the thumb of Congress, businesses will be faced with the prospect that the Fed might not be able to do what is necessary for the economy because of pressure from Congress.

Economists tell us one of the major things holding the economy back is uncertainty about the policies that Washington will pursue. This would exacerbate that concern and create a very bad outcome for the economy and the country. I have said it before, and I will say it again: If you don't like monetary policy when the Fed does it, just wait until the politicians get their hands on it.

I am going to vote to reconfirm Chairman Bernanke as Fed chairman, and I urge my colleagues to do the same.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. KYL. Mr. President, when I think of what a Federal Reserve Chairman is supposed to do, I think of two key responsibilities: maintaining stable prices and keeping our dollar strong. Unfortunately, Chairman Bernanke's Federal Reserve has not performed well on either count.

Consumer inflation, as measured by the Bureau of Labor Statistics, increased 2.9 percent from June to December 2009.

Manufacturers' cost of production is up 4.4 percent versus last year; up 5 percent in the past 6 months; and up 9.5 percent in the past 3 months.

Other measures of inflation, such as the 5-year, 5-year forward, clearly show an accelerating trend. Inflation is the last thing our economy needs right now.

As for the dollar, during the last year, its value dropped more than 10 percent. Much of this weakness is attributable to the Federal Reserve setting short-term interest rates at virtually zero.

As such, gold prices have surged, as investors worry that the dollar is no longer a reliable store of value.

OPEC has contemplated designating oil in a currency other than the dollar, and foreign economists have suggested that we issue our own government debt in yen, euros, or yuan, rather than dollars.

While neither of these actions is likely, it is clear that the Federal Reserve needs to pay greater attention to the dollar's value when making monetary-policy decisions. The preeminence of the dollar is synonymous with American prestige abroad. Nothing represents our Nation's soft power more than its strength.

Another chief concern of mine is that, during Chairman Bernanke's tenure, the Federal Reserve and other banking regulators showed an inability to use bank examinations to distinguish between good and bad loans.

Before the housing crisis, banking regulators were permitting financial institutions to lend to individuals who obviously did not have the ability to repay the money they borrowed. Had they been more vigilant, the crisis may have been less severe.

Now, however, in seeking to be more cautious, bank regulators are making another mistake: They have been telling institutions in my home State of Arizona, and throughout the country, not to make loans to even the most creditworthy individuals and businesses.

I have heard numerous stories, from both lenders and borrowers in my State, about bank examiners deciding to downgrade a performing loan because, on paper, the underlying collateral was worth less than its purchase price.

As a result, the banks had to either raise more money, which is incredibly difficult, or else the borrower had to contribute more cash to keep from technically defaulting on the loan.

Why would we have policies that punish responsible borrowers? Why would it be in our interest to force those who are current on their loans into a situation that could lead to bankruptcy? Doing so makes a bad situation worse and creates problems that ripple through our economy.

I am also troubled that Chairman Bernanke refuses to take responsibility for the housing bubble and disputes that the Federal Reserve's lax monetary policy helped create it.

As the respected columnist Bob Robb of the Arizona Republic recently explained:

> [Chairman] Bernanke is intellectually shadow boxing. . . . When a bubble occurs in a commodity which is almost universally purchased using extensive borrowing, such as homes, it's fatuous to claim that easy money doesn't play a significant role.

Chairman Bernanke strongly supported this lax monetary policy, and he should own up to its role in the financial crisis.

These are all reasons to oppose his renomination or confirmation. Nonetheless, I must vote to reconfirm Chairman Bernanke, simply because I am concerned that another nominee chosen by President Obama would be less independent than Chairman Bernanke and would direct the Federal Reserve's resources to support the administration's policy interests, and, therefore, bypass congressional approval for appropriated funds.

This administration has a history of nominating partisan, out-of-the mainstream individuals for key jobs, and replacing Chairman Bernanke would be another opportunity for it to do so.

I would hope that if Chairman Bernanke is confirmed, he will take action to remedy the problems I have just addressed. They demand his attention.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I rise in support of the confirmation of Mr. Bernanke to continue as Chairman of the Federal Reserve. I do so, acknowledging that he contributed to the crisis, but also recognizing that without his strong leadership the crisis might have become a conflagration.

How did we get to the brink of financial collapse? I might say to some of my colleagues, they should look in the mirror because they, too, contributed to the forming of the bubble. How? An overly loose fiscal policy under the control of the Congress and the administration.

The previous administration ran up massive deficits, doubled the debt. That is a loose fiscal policy. It was accompanied by a loose monetary policy after 9/11.

After 9/11, the Federal Reserve kept interest rates very low, flooded the system with money, and the combination of an overly loose fiscal policy and an overly loose monetary policy created the seed bed for bubbles to form. Indeed they did.

We didn't just have a housing bubble, we had an energy bubble—oil prices went to $100 a barrel. We had a commodity bubble—wheat went to more than $20 a bushel. These are examples and evidence of bubbles being formed. When you have an overly loose monetary policy and an overly loose fiscal policy, bubbles are going to form and ultimately bubbles burst. When they do, there is enormous economic wreckage. That is what has occurred here—all of it coupled with an era of deregulation.

Under the previous administration—and, yes, the Federal Reserve has responsibility here as well—there was too little regulation of major financial institutions and of major financial instruments. Trillions of dollars of derivative instruments were floating around the world unregulated, even unrecorded. Of course there was danger there.

Warren Buffett warned that derivatives constituted a nuclear time bomb hanging over the global economy. Ultimately the bubbles burst, and ultimately the economic wreckage built. Bernanke bears some responsibility for that, without doubt. But once the crisis developed he took charge in a way that is unprecedented. He took step after step to provide liquidity to this global economy to prevent and avert a collapse.

I believe when the history of this period is written, in terms of the response to the dangerous cloud hanging over this global economy, Bernanke will prove to have been one of the heroes of the piece. In instance after instance, he took unprecedented action to avert a collapse.

His academic study was the Great Depression.

He resolved as a young man to do everything he could to prevent any future collapse of that magnitude. He proved to be the right man at the right time. He deserves to be confirmed in this vote this afternoon. I ask my colleagues to please be judicious. Let's recognize that he made serious mistakes. Let's also admit the Congress and the administration, the previous administration, made very serious mistakes: overly loose fiscal policy, overly loose monetary policy, a lack of regulation, the creation of bubbles, bubbles that burst that created enormous wreckage. But Ben Bernanke helped avert a global financial collapse. I believe history will prove that is the truth.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Mr. President, I join my colleague, the Senator from North Dakota, in rising to support the confirmation of Chairman Ben Bernanke to a second term as Chairman of the Federal Reserve. As has been pointed out throughout the course of this debate, his position at the Federal Reserve prior to September 2008 gave him the opportunity and the obligation to look carefully at a building crisis.

His response was not as perceptive or as adroit as we all in hindsight would wish to see. He did recognize, however, by August of 2007 that this economy was slowing down, and he applied the traditional macroeconomic tools by beginning to lower the interest rate.

By December of 2008, the interest rate was virtually zero, the Federal rate. That has helped, I think, keep the economy moving and has helped us move forward. But the point that so many of my colleagues have made is when it came to critical moments during the fall of 2008, Chairman Bernanke understood the problem and was able to use extraordinary measures, first persuading the Federal Reserve to follow his lead, and then using extraordinary measures to begin to blunt the worst effects of this economic crisis we faced, and continue to face, and his efforts to ensure that there was liquidity in the system—precisely what was done incorrectly in 1929, 1930 through the early 1930s, where the Federal Reserve pulled back, accelerating the depression rather than cushioning the economy from further decline.

He took innovative steps that seem sort of esoteric, but helped restore stability in capital markets. But he also took very decisive intervention with respect to the money market mutual funds, when the Reserve Fund broke the buck, as they say, when its net asset value dropped below a dollar, there was a tremendous sense of not only uncertainty but potential chaos as everyone was plotting to withdraw their funds from money markets, which would have created huge problems and which would have affected every American in this country. But he moved decisively and aggressively, along with the Treasury Department, to provide stability and support. He also helped create programs like the TALF program to restart markets for auto, home, credit card, student loan, and small business loans, his ability to interject liquidity into the system, gave us a break, if you will, from a rapidly deteriorating situation.

I sense, and my colleagues have said, that in the future his reaction—calm, decisive, innovative, imaginative—was one of the things that prevented this catastrophic situation from becoming even worse. That is an important aspect that we must consider in regards to his renomination.

There is something else too. If the Chairman is not confirmed, there will be a period of uncertainty as to who is leading the Federal Reserve and what direction will it take. The last thing we need today is uncertainty in our economic future. If the ability of individuals and institutions to invest, to commit their capital and their effort and their work is put on hold, then the progress we have seen—and it is not sufficient but we have seen some—in fact, there are expectations that the reports on gross domestic product tomorrow will show significant increases rather than significant contractions, which is what is what we saw under the last administration.

But if we inject this uncertainty, if we go months and months with no one clearly in charge at the Federal Reserve, it will have a very tangible, rapid, and unfortunate effect on our ability to move forward with the economy.

There is another issue here I think that is important to note. That other issue is that, having done all of these remarkable innovative programs to increase liquidity, to keep the engine of the economy running, albeit not at the level and speed and power we might want, but keep it moving, at some point those programs have to be unraveled, pulled back, because we will face another danger.

We face a danger, perhaps, in terms of inflation rate effects. We face a danger in terms of currency issues, in terms of value of the dollar. This is something we all recognize, this great pivot, as I call it, moving away from low interest rates and liquidity infusion, to higher interest rates, the dismantling of some of these programs. For example, the Fed already announced that it intends to begin to slowly get out of its support for the mortgage market in a few weeks.

All of that has to be as tacitly managed, as carefully understood, as these programs were in the fall of 2008 and 2009 when the Chairman was moving forward. As a result, I think we need someone who understands these programs, and understands them not just theoretically but literally from trial and error, from understanding what worked, what did not work, what the consequences are.

No one has that type of knowledge and insight at this juncture other than Chairman Bernanke. He is, of course, as an individual, a man of remarkable integrity and character who is committed to public service, and who is a pragmatist, not an ideologue, someone who will continue to provide not only guidance but leadership at a place we sorely need it, at the Federal Reserve. From my talks with Chairman Bernanke, I think he understands that people are hurting, and that his role in getting our country back to full employment is just as important as his role in monetary policy. The engines of our economy are small businesses and jobs, and this is what people in my state of Rhode Island expect from the Federal Reserve. At this critical juncture, I hope that my colleagues will support Chairman Bernanke for a second term.

I yield the floor.

Mr. AKAKA. Mr. President, I support the confirmation of Chairman Ben Bernanke. Chairman Bernanke has demonstrated tremendous skill in handling extraordinary economic challenges. We were very fortunate that the Chairman of the Federal Reserve Board of Governors during the economic chaos last fall was an individual whose area of academic expertise is the Great Depression. The Federal Reserve took unprecedented emergency actions that helped stabilize the economy and prevent further collapse of the financial markets.

During my first meeting with the Chairman, he shared with me his experience as a school board member of trying to improve the availability of financial education. I have always greatly appreciated Chairman Bernanke's dedicated efforts to improve the financial literacy of students and consumers. The true costs of financial illiteracy have been made all too apparent by the financial crisis. One of the core causes of the crisis was that families were steered into mortgages with risks and costs they could not afford or even understand. Chairman Bernanke and I share a firm commitment to trying to improve the lives of working families through improved consumer protections and financial literacy.

Chairman Bernanke has led efforts at the Federal Reserve to better protect and inform consumers. During Chairman Bernanke's tenure, the Federal Reserve has increased consumer protections in the subprime mortgage market and limited questionable practices in the broader mortgage market. Additionally, the board has proposed further limitations on loan originators, brokers, and loan officers.

Also during Chairman Bernanke's tenure, the Federal Reserve developed improved rules to restrict credit card practices, enhance overdraft fee disclosures, strengthen student loan disclosures, and restrict gift card fees.

I have also greatly appreciated the efforts of Chairman Bernanke and the Federal Reserve to promote the use of financial institutions for lower cost remittances. Too often consumers fail to take advantage of lower cost remittance services found at banks and credit unions. Remittances can be helpful in providing opportunities for the unbanked to utilize mainstream financial institutions.

I look forward to continuing to work with Chairman Bernanke and the Federal Reserve to better protect, educate, and empower consumers.

Mr. LEVIN. Mr. President, we have been asked by the President to confirm Ben Bernanke to a second term as Chairman of the Federal Reserve. Given the current state of the economy, and the nature of the crisis that led to the recession from which we are struggling to recover, this request has generated a great deal of controversy. I am conflicted by this nomination, and I want to explain my decision to support it.

The most striking feature of the economic crisis is that it was, to a large extent, a collective failure of financial regulation. It was not a function of the normal waxing and waning of the economic cycle. Instead, our financial institutions engaged in ever-more complex, highly dubious, and risky transactions, and when the risk was exposed, it set off a chain reaction that dragged down our entire economy.

The lack of adequate financial regulations was a major cause of the crisis. We must reform that system on an urgent basis. Consumers' rights need to be protected.

But in addition to the failures of the system, part of the crisis was made possible by collective failures of those entrusted to oversee the financial system. Chairman Bernanke was one of those people. He and others should have been more forceful in reining in the greed-driven abuses and excesses of our financial sector.

Some of my colleagues who share this view believe that this fact alone should justify a ''no'' vote on Chairman Bernanke. But I believe that we must weigh both Chairman Bernanke's role and actions before the crisis, but also those since the crisis began. In other words, was he a bigger part of the problem or the solution?

First, while Chairman Bernanke should have acted more forcefully to try to prevent the crisis, most of the abuses that brought it about occurred in areas outside the Federal Reserve's primary areas of oversight. I also believe that Chairman Bernanke's and the Federal Reserve's recent support for enhanced financial regulation are crucial to correcting some of the structural failures that lead to the crisis.

Second, the Federal Reserve's actions helped to prevent this tragic recession from becoming a second Great Depression. This is no small thing. As bad as the last several months have been, they would have been even worse but for Chairman Bernanke's leadership.

Lastly, it is clear that Chairman Bernanke's role in preventing a deeper crisis has earned him some confidence in our financial markets. A defeat of his renomination carries the risk of shaking these markets, at the very moment we need them to operate in a stable fashion so as to help boost our fragile economic recovery.

When making the decision of whether to support this nomination, I end up believing that Chairman Bernanke's performance in addressing the economic crisis and his current efforts to significantly enhance financial regulation to help prevent future crises, outweigh his past mistakes. On balance, I believe that Chairman Bernanke should be given the opportunity to continue to help pull us through this difficult period, and I will vote in favor of his confirmation.

Mr. GRASSLEY. Mr. President, I want to express my concern about the nomination of Ben Bernanke as Chairman of the Federal Reserve Board and explain why I will vote against him when the Senate has the opportunity this week.

I know many of my colleagues will support Mr. Bernanke because he was a cocaptain of the U.S. economic recovery efforts in the last year and a half. Appointed by President Bush, Mr. Bernanke undoubtedly has a difficult job. Our Nation has been jolted by greed, corruption, fraud, and excessive risk-taking that led to the largest taxpayer bailout in history. Mr. Bernanke was holding the reigns, along with officials in the Department of the Treasury, but steered us into an out-of-control spending frenzy with very little oversight by the American people.

Ben Bernanke has been wrong about the economy. He was wrong about the subprime lending meltdown. He was apparently blind to the pitfalls of credit default swaps. He misled the American public about the purpose and intent of the Troubled Asset Relief Program. He recklessly spent billions of dollars on a few renegade financial firms, picking winners and losers on Wall Street and justified these actions by saying Main Street would be saved. Then, he stonewalled Congress from learning about how the billions of dollars were spent. Ben Bernanke also opposed transparency almost every step of the way.

Let me address these issues more in depth.

Whenever the Chairman of the Federal Reserve opines about the economy, he understands that his words can be misunderstood or taken out of context and thus have an unintended impact on the market and day-to-day trading. However, Ben Bernanke has been saying that our economy has been strong since the beginning of the decline. His analysis of the situation and predictions for our future economic growth were far off.

Let's take the housing problems, for example. In 2006, Fed Chairman Bernanke believed that the housing market had been strong but could cool slightly. He said, ''Our expectation is that the decline in activity or the slowing in activity will be moderate, that house prices will probably continue to rise, but not at the pace that they had been rising. So we expect the housing market to cool, but not to change very sharply.'' He didn't think the housing market would blow up, nor did he believe that the weakness in the market would spill over to other sectors of the economy. He was dead wrong.

He was wrong about unemployment. Most recently, in May of 2009 and in front of the Joint Economic Committee, Fed Chairman Bernanke said: ''Currently, we don't think [the unemployment rate] will get to 10 percent.'' In November the unemployment rate hit 10.2 percent.

We can go back to February 2006. As President Bush's Chairman of the Council of Economic Advisers, Mr. Bernanke was responsible for drafting the Economic Report of the President which claimed the following: ''The economy has shifted from recovery to sustained expansion. . . . The U.S. economy continues to be well positioned for long-term growth.'' In this report, Bernanke projected the unemployment rate to be 5 percent from 2008 through 2011.

Even in 2007, the Fed Chairman believed that the labor market would stay healthy and incomes would continue to rise. In February of that year, he said that ''the business sector remains in excellent financial condition.'' Later in July of 2007, Mr. Bernanke said, ''Employment should continue to expand. . . . The global economy continues to be strong. . . . financial markets have remained supportive of economic growth.''

Then came the Bear Stearns debacle. Bear Stearns led the charge in the securitization market. Because they had placed significant resources in mortgage-backed securities, the company was on the verge of collapse. In March of 2008, the Federal Reserve Bank of New York attempted to save the company through an emergency loan, but failed and moved to force a sale to JPMorgan Chase.

Three months later, Fed Chairman Bernanke still did not acknowledge the pending economic crisis. In fact, in June, he said, ''The risk that the economy has entered a substantial downturn appears to have diminished over the past month or so.'' He couldn't have been more wrong. The economy melted down, and the Fed and Department of the Treasury had to come to the rescue of several failing firms.

The Federal Reserve Chairman only warned Congress about the financial crisis when it was too late. Under his leadership, the Federal Reserve took very little action to control the root causes that led us to economic storm we have all had to endure. Instead, they urged Congress and the American people to swallow a plan that was ill conceived and risked making the situation worse.

So another reason I cannot support his renomination as Chairman of the Board is because of the disastrous implementation of the Troubled Asset Relief Program, also known as TARP.

Chairman Bernanke came to Congress with former Treasury Secretary Paulson, selling a proposal that would direct taxpayer money to purchase ''toxic assets.'' The proposal would have allowed the Federal Government to take bad assets off the books of troubled firms to keep credit flowing. We were told that the situation was dire. We were told that the Fed and the Treasury Department had a plan in place. We were told that taxpayers may even come out ahead. We were told to trust them.

It wasn't long after the Emergency Economic Stability Act was passed in October 2008 that the Fed and the Treasury reversed course. Without input from Congress, they took the authority they were given and went their own way. Chairman Bernanke was doling out funds for Bear Stearns and AIG while the Treasury was doling out funds to firms that were destined for failure.

Today, the Troubled Assets Relief Program has been used as a slush fund to bail out firms on Wall Street and troubled automakers. Taxpayer money has been enabling these companies to continue in their misguided ways. Corporate jets were being used to lobby Congress for billions of dollars, and CEOs resisted proposals to slim down the fat pockets of their cronies. The American people were misled, and Ben Bernanke should share responsibility for that.

But, it wasn't just the Troubled Asset Relief Program that was used to funnel taxpayer money to failing firms. Chairman Bernanke led the Fed on a spending spree, using a blank check to unilaterally direct money to AIG, Fannie Mae, and Freddie Mac.

Chairman Bernanke was AWOL as the Federal Reserve funneled billions of taxpayer dollars to AIG knowing that the money would go directly out the back door to AIG counterparties like Goldman Sachs and foreign banks. AIG's payment of 100 cents on the dollar for the counterparty securities meant Goldman actually received more than some other counterparties, because Goldman's securities had a market value of 40 cents on the dollar while UBS Bank's securities, for example, were worth 71 cents on the dollar.

Chairman Bernanke was absent from the critical ''haircut'' negotiations with the AIG counterparties, in stark contrast to the TARP Capital Purchase Program negotiations weeks earlier. As a consequence, no reductions in counterparty payments were obtained for the American taxpayer. These negotiations failed despite the fact that some of the foreign counterparties offered to reopen negotiations. The Federal Reserve failed to capitalize on this opportunity and investment bankers were paid in full.

The AIG bailout was designed by the Fed in a manner that funneled billions of dollars directly to the counterparties. No other outcome was possible.

The effect was a ''backdoor bailout'' regardless of the Fed's now-stated intent merely to improve AIG's liquidity in order to avoid a collapse.

Reasonable people can disagree about whether Chairman Bernanke made the right decisions. Aside from the problems I have already outlined, I have serious reservations about voting for him again given his resistance to transparency. For example, we have seen very little cooperation from the Federal Reserve to ensure that the Government Accountability Office, GAO, has independent audit authority.

Last March, the GAO testified before the Finance Committee that the Federal Reserve was resisting its efforts to conduct oversight of the response to the financial crisis by citing provisions of law that were intended to maintain the independence of monetary policy.

Such restrictions could be defended when the Federal Reserve focused only on monetary policy. However, since the financial crisis, the Federal Reserve has routinely exercised extraordinary emergency powers to subsidize financial firms far above the levels Congress is willing to authorize through legislation. The Federal Reserve took on enormous amounts of risk in complicated and unprecedented ways. That risk is ultimately borne by the American taxpayer. Congress authorized $700 billion in funds under TARP. However, the total projected assistance in various initiatives by the Federal Reserve could be up to $3.4 trillion by GAO estimates.

Therefore, I introduced an amendment in May of last year that would have guaranteed GAO the authority to audit all of the extraordinary emergency assistance from the Federal Reserve. Regrettably, due to objections from the Federal Reserve, my amendment had to be watered-down to ensure that GAO received at least some of the additional authorities it needed.

Although I would have preferred to make all of the Fed's emergency actions under section 13(3) subject to GAO audit, I agreed to limit my amendment to Fed actions aimed at specific companies like Bear Stearns and AIG. However, broader, more comprehensive oversight authority over the Federal Reserve is needed to ensure the kind of transparency and accountability the American people expect. Unfortunately, when the opportunity to embrace that sort of oversight was presented, the Federal Reserve hid behind concerns about the independence of monetary policy to maintain the secrecy of its operations.

Another example of the Federal Reserve resisting attempts to shine light on their actions surrounds the ''backdoor bailout'' of Goldman Sachs and major foreign banks through the aid to AIG. The Federal Reserve initially refused to disclose the identity of the banks to whom AIG paid out the vast majority of its Federal assistance. Federal Reserve lawyers even opposed AIG disclosing details of its transactions in public filings required by the Securities and Exchange Commission. The Federal Reserve argued that disclosing the identity of these counterparties who engaged in exotic, risky transactions with AIG would destabilize AIG, would harm the private business interests of the counterparties, and could affect the stability of the markets as a whole. However, following significant public and Congressional pressure, the identities of the counterparties were released, and we learned that French bank Society General and Goldman Sachs were among the largest beneficiaries of the Federal bailout of AIG. None of the horrible consequences the Federal Reserve used to oppose basic transparency came to pass. The sky did not fall.

The Special Inspector General for TARP has launched an investigation into whether there was misconduct at the Federal Reserve in regard to the Fed's role in the failure of AIG to disclose billions of dollars in counterparty payments to the SEC last year. And just this week, the Special Inspector General announced that it is investigating the Federal Reserve for withholding documents from the Special Inspector General in connection with his audit in November 2009 of the AIG counterparty payments. The Special Inspector General learned that they did not receive all of the documents they requested from the Federal Reserve when they saw the documents produced last week under subpoena to the House Committee on Oversight and Government Reform for the Committee's January 27, 2010, hearing. This sort of stonewalling by the Federal Reserve is outrageous and cannot be tolerated.

So, I have had to ask myself, Is Ben Bernanke the man to lead us forward?

Chairman Bernanke didn't see the financial crisis coming. He never expected our unemployment to reach 10 percent. He didn't foresee the subprime housing market affecting the broader economy. He didn't expect complicated financial instruments like credit default swaps to pose a risk to the economy, even though they were considered by some to be ''financial weapons of mass destruction.'' In fact, Chairman Bernanke insisted only well-informed and intelligent minds were using such instruments and that government supervision wasn't necessary.

This lack of foresight makes me wonder if he is ready to lead our economy down the path to a sustainable recovery.

I am afraid Ben Bernanke thinks everything is under control. He steered our economy out of danger. But we still have a long road ahead of us. The Fed has to unwind its massive balance sheet. It has to remove the excess funds that were created to paper-over the financial sectors' unacknowledged losses without stoking the flames of inflation.

We need a Fed Chairman that is committed to a strong dollar and low inflation. We need a Fed Chairman that is committed to transparency.

I am afraid Ben Bernanke had a seat at the table during the development of our current economic and financial crisis. He has failed to learn its lessons. He has promoted a policy of easy money, inflating our way from a stock market bubble to a housing bubble. He neither predicted nor prepared for the inevitable results. Moreover, he seems determined to repeat the mistakes of the past.

For these reasons, I cannot support his nomination by President Obama to serve a second term as Chairman of the Fed.

Mr. CORNYN. Mr. President, I would like to explain why I will vote against the confirmation of Ben Bernanke for a second term as Chairman of the Federal Reserve. Ben Bernanke is a brilliant and honorable man. He deserves our Nation's thanks for his years of public service—especially during the greatest financial crisis in decades. I agree with Chairman Bernanke's supporters that some of his actions mitigated that crisis—and that we might be in a much worse place today if not for his leadership. Nevertheless, I believe the Federal Reserve needs a fresh start—with a new Chairman—for several important reasons.

First, Chairman Bernanke was a member of the Fed's Board of Governors where he strongly supported Chairman Greenspan's monetary policy that kept interest rates very low. In fact, the Federal funds target rate reached a low of 1 percent by mid-2003. Most economists agree that these low interest rates were one of the factors—certainly not the only factor—that contributed to the housing price bubble that expanded for much of the previous decade. And when the housing bubble burst, our global financial crisis began. This isn't ancient history. Earlier this month, Chairman Bernanke delivered a remarkable speech to the American Economic Association in Atlanta. In that speech he defended the Fed's actions before the crisis—and largely absolved himself of any responsibility for it. Now I am willing to support a person who makes tough decisions—and learns from them when things don't go well. But under Chairman Bernanke, the Federal Reserve missed the signals that the economy was in trouble—such as the housing bubble, and unsettled credit markets. The Fed missed the chance to take action sooner—action that might have prevented the necessity of its massive intervention later on. And today, Chairman Bernanke still does not recognize the missed opportunities that occurred on his watch.

Second, Chairman Bernanke played a role in the passage of the Troubled Asset Relief Program—or TARP. It is important to remember what Chairman Bernanke and Treasury Secretary Hank Paulson were telling us before we all voted on TARP in October 2008. In public, their testimony was alarming. On September 23, 2008, Secretary Paulson said that Congress must act ''in order to avoid a continuing series of financial institution failures and frozen credit markets that threaten . . . the very health of our economy.'' Chairman Bernanke was one of those who told us—in effect—that we were perhaps days away from a complete meltdown of our financial system. So a lot of us did our patriotic duty. We trusted the experts and we authorized the TARP program. And almost immediately after we did so, the Treasury changed what they said they were going to do with the money. Only weeks after TARP was enacted, the Bush administration abandoned the goal of purchasing ''toxic assets.'' Instead, they funneled billions of taxpayer dollars directly to many of the Nation's largest financial institutions. Soon the Federal Government was acquiring ownership stakes in banks, financial institutions and automakers—with the full support of the incoming Obama administration. In fact, the Obama administration has gone even further, using its TARP leverage to set executive pay at several companies. And during the reorganization of General Motors, the Obama administration used its leverage to benefit its union allies—over the rights of secured bondholders who had loaned their savings to the company. TARP may have also enabled public corruption and criminal activity. According to the latest report from TARP's inspector general Neil Barofsky, there are 54 ongoing criminal and civil investigations into TARP related activities. These activities include: ''complex issues concerning suspected TARP fraud, accounting fraud, securities fraud, insider trading, bank fraud, mortgage fraud, mortgage servicer misconduct, fraudulent advance-fee schemes, public corruption, false statements, obstruction of justice, money laundering, and tax-related investigations.'' President Obama and the Senate leadership have resisted our attempts to end the TARP program. Last week, 45 Democrats voted down Senator THUNE's amendment which needed a 60-vote threshold to end the TARP program. And last night, President Obama proposed using TARP to fund his new stimulus bill—in order to get around his own 3-year spending freeze. By the way, using TARP on new spending would also break the promise that the President made when he voted for TARP in this very Chamber. Then-Senator Obama said:

> [I]f American taxpayers are financing this solution, then they have to be treated like investors. They should get every penny of their tax dollars back once the economy recovers.

Mr. President, TARP is a government credit card that should be cancelled. And Chairman Bernanke was one of the key enablers that led to its creation in the first place.

Third, I believe we need a Fed Chairman who demonstrates a greater commitment to transparency. The Federal Reserve has been very resistant to giving the Government Accountability Office, GAO, independent audit authority. In fact, the GAO told the Senate Finance Committee last year that the Federal Reserve was resisting its investigation efforts in reviewing the response to the financial crisis by claiming that it would impair the independent nature of monetary policy. I agree that politics should not be involved in monetary policy. Yet since the beginning of the financial crisis, the Federal Reserve has routinely exercised unprecedented, emergency powers that resulted in a $3.4 trillion expansion of its balance sheet according to some estimates. This is risk that will be borne by the American taxpayer and they deserve to know what their government is doing. Another example of the Federal Reserve resisting transparency surrounds the assistance provided to AIG. The Federal Reserve initially refused to disclose the identity of the banks to whom AIG paid out the vast majority of its Federal assistance. They even opposed AIG disclosing details of its transactions in public filings required by the Securities and Exchange Commission. The Federal Reserve argued that disclosing the identity of these counterparties who engaged in exotic, risky transactions with AIG would destabilize AIG, would harm the counterparties, and could destabilize the market as a whole. However, following significant public and congressional pressure, the identities of the counterparties were finally released and the market moved forward. The inspector general for TARP is now investigating into whether there was misconduct at the Federal Reserve in regard to its role in the failure of AIG to disclose billions of dollars in counterparty payments to the SEC last year. And just yesterday at a hearing by the House Committee on Oversight and Government Reform, the TARP inspector general announced that additional documents and facts have come to light that have caused them to initiate an investigation to review the extent of the Federal Reserve's cooperation during the course of its audit of the AIG counterparty payments. Clearly, the Fed needs more transparency, not less. That is why I am a cosponsor of the Federal Reserve Sunshine Act of 2009. This bill would require the GAO to conduct a comprehensive audit of the Federal Reserve System and its banks and report back to Congress by the end of 2010. But in addition to an audit, the Fed clearly needs a new Chairman—one more clearly committed to transparency and accountability.

Supporters of Mr. Bernanke argue that to vote against him will politicize the Federal Reserve. I could not disagree more. An up-or-down vote is part of our responsibility as Senators to provide our advice and consent. Some supporters also argue that we could wind up with someone worse than Mr. Bernanke—and that any transition would unsettle financial markets. On this point, I would contend that the current uncertainty job-creators face today is due to the policies being pushed by this administration; this is the main obstacle to building confidence and growing jobs for Americans. But again, the Senate will have the opportunity to provide its advice and consent to any future nominee. And if Chairman Bernanke's term expires, Vice Chairman Donald Kohn would immediately assume his duties. And Mr. Bernanke would still remain on the Fed's Board of Governors. So the supposed ''transaction costs'' of voting down this nomination are overstated, in my opinion. The simple truth is: No one person is indispensible in any public office. I believe the American people and our financial system will be better served by new leadership at the Fed. And therefore I will vote against this nomination.

Mr. SPECTER. Mr. President, I have decided to oppose the renomination of Chairman Ben Bernanke. I do so with reluctance because I admire his record of academic and professional achievements.

My sense of admiration and the fact that I like him has to be weighed in the broad context of his work as Chairman and what the American people have a right to expect on results and accountability. The Federal Reserve is given great authority and commensurate responsibility on regulation and oversight of our financial institutions. Accountability frequently is hard to pinpoint; but it can be established in the upheaval of the financial institutions in the past months and years. The consequences of foreclosures ousting thousands from their homes, millions of job losses and billions of losses in pension accounts weigh heavily on those responsible for regulation and oversight of U.S. financial institutions. These problems are traceable in large part to the national housing boom bubble.

The October 27, 2005, edition of the Washington Post reported Chairman Bernanke's testimony that he was not concerned that the national housing boom was a bubble that was about to burst. In testimony before Congress's Joint Economic Committee, he testified that the rise in U.S. house prices by nearly 25 percent over the past 2 years largely reflected strong economic fundamentals such as growth in job incomes and the number of new houses. He did not agree with the judgment of many economists that house prices had risen too far too fast in many markets, forming a bubble that could rapidly collapse and trigger an economic downturn.

The Washington Post December 21, 2009, edition reported the following :

> In January 2005, National City's chief economist had delivered a prescient warning to the Fed's board of governors: An increasingly overvalued housing market posed a threat to the broader economy, not to mention his own bank and others deeply involved in writing mortgages. The message wasn't well received. One board member expressed particular skepticism—Ben Bernanke. ''Where do you think it will be the worst?''

Bernanke asked, according to people who attended the meeting, one in a series of sessions the Fed holds with economists. ''I would have to say California,'' said the economist, Richard Dekaser. ''They have been saying that about California since I bought my first house in 1979,'' Bernanke replied. This time the warnings were correct, and the collapse of the California real estate market would bring down the nation's fourth-largest bank, the largest casualty of the financial crisis.

My opposition to Chairman Bernanke is also based on his role, along with then-Secretary of the Treasury Henry Paulson, in pressuring Kenneth L. Lewis, CEO of Bank of America, to have the Bank of America complete its acquisition of Merrill Lynch despite the discovery of Merrill's losses without disclosing Merrill's financial problems to its shareholders prior to a proxy vote to approve the deal.

Chairman Bernanke has also not won the public's confidence with respect to the Fed's commitment to job creation. No issue is more important in America today than job creation. The Fed Chairman must explicitly target the full arsenal of the Fed at this pressing priority.

I have considered the concerns that Chairman Bernanke's rejection would cause turmoil in the markets. While I regret opposing the President on this nomination, I believe that he will fill the position with a capable replacement who will command wide respect. I also believe that his replacement and others with similar responsibility will perform better with this insistence on success and accountability.

Mr. FEINGOLD. Mr. President, I have given substantial deference to executive branch nominations made by Presidents of both parties. That deference is greatest when the nomination is for a position closest to the President, such as a position in the Cabinet, and at its lowest for positions with greater independence and distance from the President.

The position to which Benjamin Bernanke has been nominated, namely to serve another term as Chair of the Federal Reserve Board of Governors, is among those for which appropriate deference is lower. The Federal Reserve is famously independent.

A chief responsibility of the Chairman of the Federal Reserve is to ensure a sound financial system. Under the watch of Ben Bernanke, the Federal Reserve permitted grossly irresponsible financial activities that led to the worst financial crisis since the Great Depression.

While Chairman Bernanke has certainly been instrumental in helping the financial system recover from that crisis, we should not forget his role in its creation. Under Chairman Bernanke's watch predatory mortgage lending flourished, and too big to fail financial giants were permitted to engage in activities that put our nation's economy at risk. And as it responds to the crisis it helped to usher in, the Federal Reserve under Chairman Bernanke's leadership continues to resist appropriate efforts to review that response, how taxpayers' money was being used, and whether it acted appropriately.

For those reasons, I will vote against another term for Chairman Bernanke.

Mr. LEAHY. Mr. President, I will vote for President Obama's nomination of Benjamin Bernanke for a second term as Chairman of the Federal Reserve Board.

Chairman Bernanke's nomination should be examined through the prism of how he performed during the recent financial crisis, and with full consideration of the best interests of the American people and their stake in the Nation's economic recovery.

It is clear that prompt and decisive action by Federal officials like Dr. Bernanke saved the country from another Great Depression. Since the economic meltdown in the fall of 2008, the Federal government has committed its resources to quell the financial turmoil and stabilize the economy. The Federal Reserve, led by Chairman Bernanke, played a central role in these efforts. They cut interest rates early and aggressively, reducing the target for the Federal funds rate to nearly zero. They created targeted lending programs to restart the flow of credit in critical markets. They worked with other agencies—like the Treasury Department, the FDIC, and overseas central banks—to ensure that financial institutions worldwide had access to short-term funding.

I supported these efforts to respond to the financial crisis to prevent the country from sliding into an economic depression, which was a very real possibility just a few months ago. Congress passed an economic rescue bill that staved off a full market retreat, and it enacted an economic recovery plan that is beginning to turn things around. Through these efforts our economy has begun to show signs of progress in recent months.

But much more is needed to jump-start our economy, and the Federal Reserve needs to focus more on helping Main Street, not just Wall Street. While I believe Chairman Bernanke acted wisely during the worst of the economic crisis, he now needs to concentrate his efforts on a broader economic recovery by helping small businesses gain access to affordable capital to expand their markets and create more jobs. Small businesses are the backbone of Vermont's and the Nation's economy. During his second term, Chairman Bernanke must direct the Federal Reserve to do more to support small business economic growth.

And with the Federal Reserve playing such a large role in the recovery effort, the American people deserve greater transparency by knowing the full extent of the Fed's lending programs, which is why I have cosponsored legislation introduced by Senator SANDERS to provide for a full audit of the funds released by the Federal Reserve.

The early stages of an economic recovery are fragile—all the more during this recovery, as we inch back from a time, unprecedented in our lifetimes, when the United States and the world stood on the brink of financial collapse in the fall of 2008. Economic decisions and markets and ultimately our economy itself are unsettled by uncertainty, and the intended or unintended effects that a sudden turnover at the Federal Reserve would have right now on the economic recovery should not and must not be underestimated.

When considering who would best fill important positions like Chairman of the Federal Reserve, the President and the Senate must ensure that Federal agencies are led by qualified and competent officials. Chairman Bernanke has helped to steer our financial and economic system through the worst financial storm in nearly a century. With much work remaining, I support his nomination for another term.

Mrs. FEINSTEIN. Mr. President, I rise today to speak in support of the reconfirmation of Ben Bernanke as Chairman of the Federal Reserve.

Mr. Bernanke has been a steady hand at the Federal Reserve during the worst financial crisis since the Great Depression. Mr. Bernanke knows something about that: his scholarly work as an economics professor at Princeton University focused on the Great Depression. At a time when our economy is climbing out of a deep recession, I believe Mr. Bernanke's continued leadership will provide the stability that is essential to economic recovery.

Some blame Mr. Bernanke for the financial crisis and its severity. They believe President Obama must set an example and break with the past by replacing him.

I do not agree.

It would be a big mistake, in my view, to jettison a man whose expertise and experience have been crucial to rescuing our economy, and I believe President Obama made the right decision to keep Mr. Bernanke at the Fed.

In my opinion, he should be reconfirmed without delay, because his term expires in 3 days. Failure to do so would send the wrong message to both the American people and global financial markets, at a time of continued economic uncertainty. It could roll back some significant progress in restoring market confidence. For instance, under Chairman Bernanke's leadership, the Dow Industrial Average rebounded significantly from a 12-year low of 6,547 on March 9, 2009 and reached a high on January 19th when it closed at 10,725. This represents a gain of 4,178 points or nearly 64 percent over the course of 10 months. The S&P 500 has risen about 70 percent since the low in March and also reached its recent high on January 19, closing at 1,150.23. Retirement accounts were valued at $8.6 trillion in the third quarter of 2007. But following the market's bottoming out in March of 2009, retirement accounts had lost $2.8 trillion—33 percent—of their peak value, according to

Retirement Savings statistics from the Urban Institute in a January 2010 report. Since then, retirement account balances have rebounded sharply. Accounts have gained roughly $1.3 trillion—23 percent—ending the third quarter at around $7.1 trillion. Although assets remain 17 percent below their peak, they are still above their 2005 value and near their 2006 value.

So we have clearly made some progress and there are positive signs, but we still have a long way to go. Simply put, the gains on Wall Street have not been felt by Main Street: The national unemployment rate is 10 percent, with 15 million Americans out of work; Small businesses are struggling, and many are going under. In my State, small business bankruptcies increased by 81 percent last year alone, and commercial corridors once teeming with business are now plagued by vacancies; consumer demand remains low as American workers struggle in these tough times; and, retirement accounts are still down roughly $1.5 trillion from their peak.

These are terrible statistics, and there is much more work to be done to increase our national prosperity.

But last week, uncertainty caused by news that Mr. Bernanke's reconfirmation was threatened in the Senate caused the Dow Jones to fall by 552 points, with a 216-point drop on Friday alone.

The point is clear: the situation is very volatile. President Obama has clearly indicated that he believes Mr. Bernanke is the man for the job, and I also believe this is the case.

Let me tell you why.

First, Mr. Bernanke is an expert on the Great Depression, a scholar who understands the causes of, and remedies for, dramatic economic downturns like the one we experienced last year. There is no one better qualified to be at the helm of the Fed at this time, and he is dedicated to fulfilling its mission to restore prosperity, create jobs and keep prices stable.

Second, Mr. Bernanke played a key role in averting a much greater financial crisis.

He took critical steps to stop the economic freefall and restore stability. He aggressively cut interest rates early on, reducing the target Federal funds rate to nearly zero. It has remained at this level since December 2008.

Under his leadership, the Fed played a central role in quelling last year's financial turmoil. It launched joint efforts with other agencies and foreign authorities to avert a collapse of the global banking system. It ensured financial institutions adequate access to short-term funding when private funding resources dried up.

It led the ''stress tests'' on large U.S. banks to ensure that these institutions had adequate capital and consumers would be confident that their bank deposits were safe.

The Fed, under Mr. Bernanke's leadership, also created targeted lending programs that helped ease the flow of credit to many businesses.

For example, the Term Asset-Backed Securities Loan Facility has financed more than 3.4 million home loans, more than 100 million credit card accounts, 480,000 loans to small businesses and 100,000 loans to large businesses.

We are starting to see the positive results of these bold moves.

There are undoubtedly legitimate critiques of Mr. Bernanke. I agree that more transparency is needed at the Federal Reserve. And, I would have liked to see more action taken to curb the abusive lending practices which have led to literally millions of foreclosures in my home State of California.

Many gaps in regulation and oversight of our financial system still remain.

The administration just proposed the Volcker rules which I believe would succeed in ending the rampant speculation and excessive size of ''too big to fail'' institutions that led us to where we are today.

Congress must act swiftly to regulate the financial sector more prudently, and expand authority for the Fed, the Commodity Futures Trading Commission, and the Securities and Exchange Commission.

We must intelligently close these gaps in regulation, not risk an economic backslide by taking out our collective frustrations on Mr. Bernanke.

Everyone is flawed, and there is more than enough blame to go around. But we must also give credit where it is due, and Mr. Bernanke successfully helped to pull this nation back from the brink.

His academic expertise on the Great Depression, coupled with his experience in facing down the greatest economic turbulence since the 1930s, makes him an unparalleled choice for leadership at the Fed right now.

USA Today, in an editorial published yesterday, gave a forceful defense of Mr. Bernanke's reconfirmation. I want to quote from it here, because I think it gives a very clear assessment of the situation:

> The question facing the nation is, who do you want in charge of this delicate task? Someone who has intimate knowledge of what needs to be done, has learned from past mistakes and has the confidence of the financial markets? Or someone new who, in order to win congressional confirmation, will be hamstrung by promises not to take difficult-but-necessary steps, such as bumping up interest rates to keep inflation in check?
>
> Bernanke deserves considerable credit for helping stave off economic collapse. For that reason, he also deserves another term as chairman.

Mr. President, I couldn't agree more.

Mr. Bernanke deserves a chance to finish the enormous and historic task at hand. He has done well thus far, and I intend to support him for a second term as Chairman of the Fed.

Ms. MIKULSKI. Mr. President, people are angry and they are anxious. They are worried their middle class way of life is slipping by. They are worried about their jobs. They are worried about their pensions. They are worried about the cost of everything from health care to housing to higher education. They have to make tough decisions. They are sitting at their kitchen tables balancing their checkbooks and being careful about spending. They want to know we are being careful too. They want an administration and a Congress that do two things: create jobs and spend money frugally and wisely.

I am angry too. I was told that TARP was needed to get money to Main Street. I didn't care if every firm on Wall Street went bankrupt. But I did care about jobs, small businesses, and families' mortgages. That's what I was told TARP was about. Instead—ungrateful bankers got an astonishing amount of money from taxpayers who used it to pay themselves bonuses.

Chairman Bernanke made four big mistakes: he let banks take on too many risks, he ignored the housing bubble, he failed to protect homeowners, and he gave too much taxpayer money away for too little in return. It is not just Mr. Bernanke though. The entire economic policy team for the last two administrations deserves blame

So I had questions about this nomination. I spoke with Maryland business leaders, looked into Mr. Bernanke's record, and I met with him at the end of last year.

I let Mr. Bernanke know that I am focused on three things to get our economy going again: creating jobs, getting more lending to the middle economy and small businesses, and helping people get out from under the threat of foreclosure.

I know that people's top priority is jobs. Mr. Bernanke needs to realize that too. When Bernanke thought Wall Street was on the verge of a crisis, he acted dramatically. He used new powers for new programs. Well, the job market is in a crisis now. But the Fed's response has just been tame and tepid. We need the same urgency from Mr. Bernanke to jump-start the job market as he gave to Wall Street to jump-start the financial markets.

The Fed has pumped trillions of dollars into the financial system. Congress has approved billions more. Money went to the banks and because we thought they'd lend it out to help small businesses and help community banks, and community pillars. But what I have heard since then is that companies' credit is being withdrawn and responsible applicants are being rejected for reasonable loans. We need to try something different to make sure money goes where we want it to—and doesn't get used by banks to pay bonuses.

I am also angry that economic policy-makers went all out to help Wall Street and only halfway to help homeowners. In his second term Mr. Bernanke needs to do much more to help them, and help communities ravaged by too many foreclosures.

Mr. Bernanke needs to realize that ''Crisis Averted'' doesn't mean ''Mission Accomplished.'' There have been too many missed signals—misplaced priorities. But I am voting to confirm Mr. Bernanke because he is not a man of ideology and when we needed him most his expertise and level head probably helped stop a catastrophe. He didn't panic, and learned from history, which he has studied closer than anyone else. No one understands the risks the economy faces better than he does. That does not mean we shouldn't rock the boat. We need bold new approaches—and I'll fight for them.

I was advised that rejecting his nomination would cause markets to nosedive—which would hurt retirees and families saving for their future. I am not enthusiastic in my support. But I think Mr. Bernanke understands the job that he still has to do. And that in his second term he will focus better on jobs, getting lending going to the middle economy, and mortgages. So I will vote to confirm him for a second term.

The PRESIDING OFFICER. Who yields time?

Mr. DODD. Mr. President, I believe there are some Members who are coming. Absent someone walking in the door, I suggest the absence of a quorum and ask unanimous consent that the time be equally allocated to both sides.

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

The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mrs. BOXER. Mr. President, I ask unanimous consent that I be yielded 5 minutes of time off the Democrats' time.

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

Mrs. BOXER. Mr. President, I rise today to explain why I will not support the nomination of Ben Bernanke for another term as Chairman of the Federal Reserve. But I also want to make it clear that I do not support a filibuster, because I believe he deserves to have a vote on his nomination.

I have not met anyone who doubts that Chairman Bernanke is very bright, he is very dedicated, he is very conscientious, he is an expert on the depression era. I am grateful for the work he did in those critical weeks when the American system teetered on the verge of collapse; that is, our economic system.

But I do think this is a moment to take stock, in many ways as President Obama did in his State of the Union Address: How did we get to this very difficult economic place? I think as we look at that, people have to be held accountable for their actions along the way. That means Chairman Bernanke must be held accountable for his record.

I asked my staff, could you get me the Charter of the Federal Reserve, because I know it has many objectives that it needs to fulfill. Here are the four main objectives to the Federal Reserve:

One, conducting the Nation's monetary policy in pursuit of maximum employment and stable prices.

Two, regulating the banking system to ensure the safety of the Nation's financial system, and protecting the credit rights of consumers.

Three, maintaining the stability of the financial system and containing systemic risk that might arise in the financial markets.

Those are three out of the four responsibilities we have to take a closer look at. I look at those three responsibilities, and, frankly, I don't see how the Fed met those responsibilities—remember, maximum employment, safety of the Nation's financial system, protecting the credit rights of consumers, maintaining the stability of the financial system, and containing systemic risk that may arise in financial markets.

Put on top of that the fact that in the 1990s, Congress gave the Fed the very important responsibility of overseeing the housing market to stop predatory lending. That was an added specific responsibility. I have to say that I think Chairman Bernanke vastly underestimated the dangers of the housing bubble and unconstrained subprime lending.

This is what he said in May of 2007:

> We believe the effect of the troubles in the subprime sector on the broader housing market will likely be limited, and we do not expect significant spillovers from the subprime market to the rest of the economy . . . The vast majority of mortgages, including subprime mortgages, continue to perform well.

That was Mr. Bernanke in May 2007. That is hard for me to look at and say that we should vote to confirm him. He failed to spot the dangerous banking practices, in addition to the mortgage practices that led to the crisis.

In February 2008, 7 months before the greatest financial collapse in 80 years, he said:

> Among the largest banks, the capital ratios remain good, and I do not anticipate serious problems . . . among the large internationally active banks.

So until the crisis occurred, Chairman Bernanke was a major advocate for even more permissive banking regulation.

Now we see unemployment at 10 percent nationally and in my State a horrific 12-plus percent.

The American people have the right to ask whether the Fed is truly committed to supporting Main Street's economy, not just Wall Street. That is why I cannot support his reappointment. He sat by when President Bush put all the policies into place that led us to this crisis. He was George Bush's choice. He sat there and said everything was fine, everything was wonderful, everything was good, housing was OK.

If Mr. Bernanke is confirmed—and I expect he will be—I hope he will listen to what a lot of us are saying and turn his full attention to Main Street, to the people who need his support. People out there need the wind at their backs. They need somebody who understands what they are facing in terms of their housing problems, their unemployment problems. Let's get this economy back on track.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. DEMINT. Mr. President, it is not often that I agree with the Senator from California, but I certainly appreciate her perspective on this issue. A number of us from a broad spectrum in both parties are concerned about this nomination.

I rise to oppose the nomination of Ben Bernanke as Federal Reserve chairman. It is important that we look at this not just as a single nomination but as part of a much bigger picture we need to recognize. The confirmation of Ben Bernanke is a confirmation of policies that brought our economy down. If we ignore that, we are going to continue these same policies and condemn ourselves, our country, and our fellow Americans to high unemployment and much less prosperity in the future.

It is never fair to blame any one person for major problems such as we have in this country. But it is important, when we have this kind of problem, where millions of Americans have lost in total trillions of dollars and jobs have been lost and families have suffered greatly, that we recognize the difference between the problems we are looking at today and the real causes of those problems, what we call in business ''the root cause'' of problems. We learn, when we do strategic planning—and I did this for years for companies—that if you go in and look at the problems and try to solve them and never go back and understand the root causes, all you are doing is fixing symptoms which never get fixed because you did not understand the cause of the problems.

Today, we do have a difficult economic situation with high unemployment. We have debt at levels that everyone agrees is unsustainable. Countries all over the world are beginning to question whether we can repay our debts. Some are beginning to question whether they should lend us more money to fund our reckless spending.

Despite what we heard last night about a freeze on spending, everyone laughed when we said that starts next year. Today, we voted to raise the debt limit another $1.9 trillion. We are going to take that debt to over $14 trillion. There is no foreseeable way we can pay that back. This is at a time when a large group of Americans called the baby boomers are going to retire and the cost of Social Security and Medicare is going to skyrocket. These are promises we have to keep to seniors because they paid for it, but we have no idea how we will keep those promises right now, particularly in light of the current economic situation.

As we look at where we are, we need to recognize how we got here. As I have talked to banks, businesses, foreign financial ministers from Europe who have come here, everyone agrees there are two major causes of the economic problems here and around the world. One is the high leverage or the high borrowing that went on because of the loose monetary policy at the Federal Reserve. Easy money, cheap money encouraged companies and individuals to borrow more than they could afford to pay back because it was easy to get and cheap. The big banks on Wall Street could more easily borrow money than raise capital. Those were incentives created by the policies at the Federal Reserve.

The second problem is what we are calling toxic assets, which are securitized subprime mortgages, were facilitated by Fannie Mae and Freddie Mac, two government-sponsored enterprises that reflected the political policy of this Congress. It is our responsibility to oversee Fannie Mae and Freddie Mac and to make sure they are doing what is appropriate for our economy. But what happened is the criteria for lending went away. Local mortgage companies could make almost any loan they wanted to, to anyone whether they could afford to pay it back, using easy money from the Federal Reserve and low criteria for forgiving those loans. They sold them all to Fannie Mae. If Fannie Mae had not been there to buy these loans, these irresponsible loans would not have been made in the first place. But to make matters worse, Fannie Mae and Freddie Mac bundled these subprime mortgages up into packages we call securities and sold them, sold them to banks as assets, sold them all over the world. These are the toxic assets that brought down the financial institutions once the housing bubble burst.

For the President, for Ben Bernanke, for Secretary Geithner to come in and indict the free market system and the greed of corporations and banks misses the whole point of what caused this problem. Certainly, these two causes created perverse incentives for the markets, the banks to practice irresponsible behavior. There is no question that went on. But to say that was the cause of where we are today misses the point.

My problem with Ben Bernanke, the President, and Secretary Geithner is not that they made mistakes, because Congress certainly made mistakes in not overseeing Fannie Mae and Freddie Mac and asking the right questions of the Federal Reserve, but the fact that despite the evidence being so clear of what really caused the problem, Mr. Bernanke still does not recognize those as the causes. In fact, he continues the same easy-money policy. He expresses no sense of urgency that we need to get the Federal Government out of owning AIG, Fannie Mae, General Motors, or Chrysler. When we bring him in for hearings, he seems to be more of a command-and-control person than someone who believes in a free market system that we need to have good laws and regulations to guide. But he and Secretary Geithner and the President indicate that they can run this economy, that they can micromanage it.

To confirm Ben Bernanke is to confirm the continuation of easy-money policies, high leverage, as well as the continuation of what Fannie Mae and Freddie Mac did to create these toxic assets. We are not asking the right questions. I contend that we cannot solve today's problems with the same people who created them.

President Obama last night liked to blame George Bush for the problems. Yet he is nominating his people. Secretary Geithner was involved with the Federal Reserve and was the architect of these bailouts. Ben Bernanke has been here for 4 years and was a key part of the bailout, the easy-money policy, and has yet to say that was a problem.

This is more than just another nomination. Everything we work for in a material sense rests on the value of our dollar and the monetary system. The American economy, the worldwide economy rests on what the Federal Reserve does. This is the Federal Reserve that told us subprime mortgages would not cause an economic breakdown. Ben Bernanke told us Fannie Mae was well capitalized a few months before its collapse. We have to depend on the leadership at the Federal Reserve to tell us the truth. If our monetary system crashes because of bad policy, everything America has worked for, all our material wealth will be gone. This country will see a crisis the likes of which it has never seen.

This body is not taking this nomination seriously enough. We are moving ahead quickly, when what we need to do is have a full audit of the Federal Reserve, to look at what has been going on, look at their involvement with the current crisis, and to make sure they are on the right path.

The Constitution gives the Congress the responsibility to protect our monetary system. Years ago, we delegated that to the Federal Reserve, but that does not relieve us of our responsibility. To confirm Ben Bernanke without even knowing what is going on at the Fed, without hearing them say what really caused the problem we have today, is to condemn us to the same path that brought us to where we are.

Voting to confirm Ben Bernanke is a bad decision today. I ask all colleagues to reconsider. This is probably the biggest mistake we will make in a long time, to continue the same policy we started at the Federal Reserve, our monetary system, as well as what we have done here in Congress.

I again encourage my colleagues to reconsider their commitment to confirm Ben Bernanke.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. How much time remains?

The PRESIDING OFFICER. The Senator has 8 minutes 13 seconds.

Mr. DODD. I yield 5 minutes to my friend and colleague from Vermont. He has been very strong on this issue, and I want to give him as much time as I can.

Mr. SANDERS. Mr. President, this is, in fact, an enormously important issue. The reality is that all over our country, hard-working, decent people have lost their jobs. They have lost homes, their savings. They have lost their ability to go to college. We are experiencing the highest level of unemployment since the Great Depression. All of this did not happen by accident. It happened because of the greed, the recklessness, and the illegal behavior of Wall Street, of CEOs there who converted our financial institutions into the largest gambling casino in the history of the world.

One of the major functions of the Fed is to protect the safety and soundness of our financial institutions. There can be no debate, Mr. Bernanke, as Chairman of the Fed, failed at that important job, and this country and the world almost saw a major financial collapse, and we have seen in this country a horrendous recession.

I think average American citizens have a hard time understanding how we reward failure, how we say to somebody who was asleep at the switch in terms of regulating our financial institutions: Congratulations. You failed. There is a major recession. You are getting reappointed. I do not think people understand why and how that should happen.

Second of all, when we talk about the bailout, it is not just the $700 billion that went to TARP. There were trillions of dollars in zero-interest loans, or almost zero-interest loans, that went to major financial institutions. It is incomprehensible to me the Chairman of the Fed can lend out trillions of dollars, and when I asked him: Who got the money? He said: Sorry, the American people don't have a right to know that—in so many words. I am not telling you.

How can you have confidence in the leadership of the Fed when there is virtually no transparency—trillions of dollars being lent out, and we do not know who received it? That is not acceptable to me. We need a Fed Chairman who believes in transparency, who is going to tell the American people who has received those loans.

We are also today, importantly, not just talking about the past. We are talking about the future. We are talking about how we pull this country out of a recession in which 17 percent of our people are unemployed or underemployed. The fact is, the Fed today has the capability, the power to take significant action to protect the middle class and working families of this country. I say to the Presiding Officer, I do not know about Illinois, but I will tell you, in Vermont I get calls every week.

People are saying: Why did you help bail out these large banks, and now they are charging me 25, 30 percent interest rates on my credit card?

Mr. Bernanke and the Fed have the power today to lower interest rates on credit cards. I want a Fed Chairman who is going to do that. Last night we heard from President Obama, who appropriately pointed out very serious problems that small businesses all over this country are having in terms of getting the low-interest loans they need in order to create the kind of jobs our economy desperately requires. The Chairman of the Fed today has the power to provide low-interest loans to small- and medium-sized businesses.

It is not just large financial institutions that can receive zero-interest or low-interest loans. I know it is a great shock to the Fed, but small- and medium-sized businesses—in a productive economy that creates real jobs—can also receive those loans. I want a Fed Chairman who will provide those loans.

It is hard to believe the largest financial institutions in this country that we bailed out because they were too big to fail—do you know what. Three out of four of them are even bigger today. It is time to break up those financial institutions that are too big to fail. If they are too big to fail, they are too big to exist.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SANDERS. Mr. President, we need a new direction on Wall Street. We need a new Fed Chairman.

Thank you very much.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SESSIONS. Mr. President, I, too, would like to share my concerns in opposition to Mr. Bernanke's reappointment, and I think my colleague, Senator DEMINT, summed it up pretty well.

One of the debates has been, did the Central Bank, which is not a free market activity, fail—or did as people say the market fail. I agree with him. I do not believe it is exactly correct to say that. The Fed dabbles in the market in an attempt to manipulate the market. One of the debates has been that Mr. Bernanke allowed the interest rates in 2002 through 2005 to remain too low, which caused the bubble and which caused the burst and put us in this fix.

The complaint has been that he violated the Taylor rule, which is the rule that would advise how interest rates should be set by the Central Bank. He made a speech in early January of this year that I think was defensive and went to some length to say he did not violate the Taylor rule and that low-interest rates did not cause the bubble. So it is one thing to make a mistake; it is another thing to make a mistake and refuse to acknowledge the mistake.

I will just say as background, the Wall Street Journal said the minutes of the Fed Board meetings prior to his becoming Chairman, when he was merely a member of the Board, indicate he was the advocate for lower interest rates and actually warned of deflation during this period which was wrong.

Mr. Taylor responded in the Wall Street Journal. I will just quote what he said:

This rule—[the Taylor Rule] calls for central banks to increase interest rates by a certain amount when price inflation rises and to decrease interest rates by a certain amount when the economy goes into a recession. My critique, which I presented at the annual Jackson Hole conference for central bankers in the summer of 2007 is based on the simple observation that the Fed's target for the federal-funds interest rate was well below what the Taylor rule would call for in 2002–2005.

Mr. Taylor is the author of it. He warned of it in the summer of 2007. Mr. Bernanke is insisting, just a few weeks before this, that he did not violate the rule. A little later, Mr. Taylor goes on to say:

In his speech [on January 3], Mr. Bernanke's main response to this critique was to propose alternatives to the standard Taylor rule—and then to use the alternatives to rationalize—

I would say to justify—

the Fed's policy in 2002–2005.

Mr. Taylor goes on to say:

In one alternative, which addresses what he describes as his ''most significant concern regarding the use of the standard Taylor rule,'' he puts the Fed's forecasts of future inflation into the Taylor rule rather than actual measured inflation. Because the Fed's inflation forecasts were lower than current inflation during this period, this alternative obviously gives a lower target interest rate and seems to justify the Fed's decisions at the time.

So Mr. Bernanke is saying they took his rule and they altered it. They did not use as the factor actual interest rates but what they predicted interest rates to be, and, of course, their prediction was wrong.

Mr. Taylor goes on to say:

There are other questionable points. Mr. Bernanke's speech raises doubts about the Taylor rule by showing that another version of the rule would have called for very high interest rates in the first few months of 2008 [after the bubble burst]. But using the standard Taylor rule, with the GDP price index as the measure of inflation, interest rates would not be so high—

As Mr. Bernanke was suggesting—

as I testified at the House Financial Services Committee in February 2008.

That is Mr. Taylor's view.

Mr. Taylor goes on to say:

Mr. Bernanke also said that international evidence does not show a statistically significant relationship between policy deviations from the Taylor rule and housing booms.

Mr. Bernanke is defending himself still. He said international studies do not show that our deviation from the Taylor rule had anything to do with this mess. But Mr. Taylor responds this way:

But his speech does not mention that research at the Organization for Economic Cooperation and Development in March 2008 did find a statistically significant relationship.

Mr. Taylor goes on to say:

Mr. Bernanke claimed that ''Economists who have investigated the issue have generally found that, based on historical relationships, only a small portion of the increase in house prices earlier this decade can be attributed to the stance of . . . monetary policy.''

He is talking about the Fed policy, that they did not have anything to do with the increase in housing prices. Mr. Taylor calls Mr. Bernanke's hand. Mr. Bernanke was not right in that statement. Mr. Taylor says this:

But two of the economists he cites—Frank Smets, director of research at the European Central Bank, and his colleague Marek Jarocinski reported in the July/August issue of the St. Louis Fed Review—

That is the Federal Reserve publication in St. Louis—

They found—

evidence that monetary policy has significant effects on housing investment and house prices and that easy monetary policy designed to stave off perceived risks of deflation in 2002–2004 has contributed to the boom in the housing market in 2004 and 2005.

Mr. Bernanke is saying economists around the world do not agree, and that is not accurate. As a matter of fact, they found just the opposite. So remember, the Wall Street Journal said he was the easy money advocate at the Fed. Mr. Greenspan may have been Chairman, but during the early part of the decade, Mr. Bernanke was advocating these low interest rate policies; and they were wrong, and they did lead to a boom—at least it was a significant factor in the boom, and Mr. Bernanke is not acknowledging that. I do not appreciate it.

I also am very disappointed he supported President Obama's form of a stimulus package, saying:

The incoming administration and the Congress are currently discussing a substantial fiscal package that, if enacted, could provide a significant boost to economic activity.

However, according to a CNN poll released just yesterday, 74 percent of Americans believe at least half of the stimulus package was wasted, and 63 percent believe the projects in the plan were included for purely political reasons and will have no economic benefit.

I will just say that this stimulus package—$800 billion, every penny of it going to our deficit and increasing our debt—could only be justified if it was the most carefully crafted package that created jobs, but it was not. I knew it at the time, and so did many others, that this was not a jobs-creating package. It was a political package put together by the President. It rewarded a lot of his supporters, but it was not the kind of jobs package we desperately needed. But Mr. Bernanke supported it, and now we have $800 billion added to our debt and very little job creation.

So, Mr. President, I will yield the floor and just conclude by saying that I do not think this should be rewarded. I know a lot of people are worried that somebody else might be worse. But I have not seen from him the kind of gravitas, the kind of stability of leadership, the kind of consistent message to the American people about the severe plight we are in and about his plan to get us out of it.

Isn't that what he should be doing? Shouldn't we know what he, hopefully working with the President, would do to get us out of this mess? I have not seen it and, therefore, I do not believe we have any burden of maintaining him. In fact, I think this supports the argument that he should not be maintained.

Mr. President, I thank the Chair and yield the floor.

The PRESIDING OFFICER (Mr. MERKLEY). The Senator from Kansas is recognized.

Mr. BROWNBACK. Mr. President, thank you very much.

I think this is a healthy discussion we are having. We do not usually discuss much the Fed Chairman or the appointment or the nomination of a Fed Chairman. Yet monetary policy affects all of us in a huge way and dramatically affects the world. This is, to me, the sort of debate we ought to be having, and I am glad we have some differences of opinion.

For a long period of time it seemed as if everybody just treated monetary policy as something that is in the theoretical world of economists and mathematicians and central bankers, and they are the only ones who understand the language; they are the only ones affected by it; therefore, they are the only ones who ought to discuss it. I am not at all suggesting that Congress or the legislative branch ought to be setting monetary policy; we shouldn't. But we ought to be discussing the people and the principles that are involved and the people we appoint to these government positions and this government position, which is so critical and so important to all of us in this country and around the world.

So I am delighted we are having a discussion about the Fed Chairman, the appointment of the Fed Chairman in this particular case. I think Ben Bernanke is a bright gentleman. I have met with him. I have been the ranking member on the Joint Economic Committee. I have had him in to testify. I find him quite interesting, bright, and a gentleman. However, I believe now it is time for us to break this sort of Washington-New York corridor that establishes monetary policy and bring somebody in from outside that system to start at the Fed and in the Fed chairmanship and start looking more toward what Main Street needs in a monetary policy rather than what Wall Street needs in a monetary policy. I am not opposed to Wall Street, but they have dominated this position, people from this Washington-New York corridor, for too long a period of time. It too dramatically affects all the rest of us, to simply shut out the rest of the philosophy and thought from across the country. We need to get to Main Street.

I also have another concern that is taking place beyond the issue of us breaking out of this New York-Washington corridor for the Fed Chairman and monetary policy. The second concern I have is I think we are headed for a huge government bubble. We have seen the dot-com bubble come, burst, and go. We have just gone through—and we are still going through—a housing bubble bigger than the dot-com bubble get big and blow up. Lots of fiscal and monetary policy to blame in both situations. I think we can look back on the housing one and see both actions here or lack of actions toward Fannie Mae and Freddie Mac to pump up this housing bubble. I think we can see the monetary policy pumping up this housing bubble that burst with huge impact; a number of people say a near depression type of impact. Now we are heading possibly toward the biggest bubble of all, a huge government bubble, blown up by the Fed; huge amounts of money being put out in the system now to try to prop up, to try to carry us on through this situation. If not handled correctly, it could burst in a more profound and difficult way than the housing bubble. To me, it is just one of those difficulties that is staring us right in the face. Now is the chance for us to talk about a different direction, and I think we should do that.

Yesterday, they had a vote of the FOMC, the money supply committee, and there was one dissenting vote. That dissenting vote was from Tom Hoenig, who is the chairman of the Kansas City Fed. He believes—and he is hawkish on the money supply—that we have to start pulling the money supply back and out of the system before the inflationary bubble takes off. When you put this much money into the system, you are bound to get an inflationary bubble and you have to start pulling it back before you start feeling it. This is the time we have to start addressing those issues.

I think we ought to look at somebody such as a Tom Hoenig, hawkish on the monetary supply, to get us into a stable, long-term position and get us ahead of a government bubble bursting on us; also, somebody from outside the system, somebody who is more focused on Main Street than Wall Street, on monetary policy and monetary supply. Now is the time to do it. This is a good chance to debate this. I don't suppose that is going to happen here. We are probably going to go ahead with Mr. Bernanke, who is a fine man, but now is the time to break out of this before this bubble gets bigger, bursts on us, and causes more of a problem than what we have even seen with the prior two bubbles. Let's get outside of that, and let's deal with that before it is on us.

I thank my colleagues and I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, I know we are getting close to the end of the debate, and we will soon be voting on cloture. I wish to take a few moments to read a few excerpts from editorials that ran in, of all publications, the Wall Street Journal, dealing with Chairman Bernanke, his tenure in office, his misdeeds, and so forth. I also ask unanimous consent at this time that the full text of the editorials, dated January 25, 2010, December 3, 2009, and June 23, 2009, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal—June 23, 2009]

BERNANKE AT THE CREATION

What the Fed Chairman said at the onset of the credit bubble, and the lesson for today.

The Federal Reserve's Open Market Committee meets today, amid a debate over how and when to remove the flood of liquidity it has poured into the economy in the last 18 months. Fed officials say not to worry, they're as vigilant about inflation as ever—which is itself a reason to worry. We've all seen this movie before, when the Fed's failure to act in time gave birth to the housing bubble and credit mania that eventually led to panic and today's recession. Will it make the same mistake now?

We remember that 2003 debate because it turns out we played a part in it. The Fed recently released the transcripts of its 2003 FOMC meetings, and what a surprise to find a Journal editorial the subject of an insider rebuttal from none other than Ben Bernanke, then a Fed Governor and now Chairman. We had run an editorial on monetary policy on the same day as the Dec. 9, 2003 FOMC meeting, and Mr. Bernanke clearly didn't take well to our warning about ''Speed Demons at the Fed.''

We reprint nearby both Mr. Bernanke's comments and our editorial from that day. Readers can judge who got the better of the argument, but far more important is what Mr. Bernanke's reasoning tells us about the Fed today. Our guess is that it won't reassure holders of dollar assets.

* * *

Recall that by the end of 2003 the economy was well into recovery. Third quarter GDP growth had clocked in at 8.2% (later restated to 7.5%), and growth in all of 2004 would be 3.6%. The Bush tax cuts had passed in late May, providing a fiscal boost, and a month later the Fed had cut its fed funds rate to 1% and would hold it there for a year. Yet by December Mr. Bernanke was still giving speeches fretting about ''deflation,'' even as commodity prices were rising and growth was kicking into higher gear. Thus our Dec. 9 warning, the first of many by us and others.

Mr. Bernanke's FOMC remarks that day are especially revealing about how he thinks about monetary policy. In particular, he dismisses any link between commodity price increases and future inflation. He cites a study by a Fed economist claiming to find little connection between ''materials'' prices and overall inflation. Yet the price of oil was already rising sharply at the time, and it would keep rising as the Fed maintained negative real interest rates for many more months. This was a bad mistake.

Rising gas and food prices didn't show up in the Fed's ''core'' inflation measurements, but they sure did wallop U.S. consumers this decade. It's one reason Americans never felt great about the expansion. The soaring price of oil also contributed to the housing bubble by transferring wealth from U.S. consumers to oil exporters such as the Gulf States and Russia, which in turn recycled those petrodollars into U.S. Treasuries and mortgage-backed securities. By ignoring commodity prices, the Fed fueled the housing boom.

It's also striking how dismissive Mr. Bernanke is of the declining dollar. We'd have thought the greenback's value would be the Fed's paramount concern, given its mandate to keep prices stable. Yet Mr. Bernanke declared that ''large movements of the dollar against major currencies tend to translate into smaller movements against the U.S. trade-weighted basket of currencies and into still smaller effects on import prices because of imperfect pass-throughs.'' Translation: Exchange-rate fluctuations aren't the Fed's problem, no matter how disruptive their effect on trade and capital flows.

Instead of following these actual prices, Mr. Bernanke's main monetary policy guide is something called ''the output gap.'' This is the difference between actual GDP growth and the level of ''potential output,'' or how fast the economy can grow when it's at full capacity. The problem with this guide is that it relies heavily on labor costs and the jobless rate. And because job creation tends to lag economic recovery, these signals tend to flash yellow long after price pressures or asset bubbles have begun to build.

All of this is relevant today because there is no evidence that Mr. Bernanke and his Fed colleagues have changed their thinking. They still ignore a falling dollar and rising commodity prices, even as oil has climbed to $70 a barrel from $40 six months ago. They also continue to be slaves to the output gap, which means they are unlikely even to begin to tighten as long as the jobless rate remains high. With that rate now at 9.4% and likely to rise, the monetary spigots will probably remain wide open for a long time to come.

We think the Fed made the right call last fall when it eased dramatically in the heat of the panic. The financial shock had caused a decline in the velocity of money, and the Fed needed to boost the supply of money to prevent a genuine deflation. The recession this time is far deeper than in 2001–2002, so there is also a case to be made for erring on the side of being slower to tighten.

But this time the Fed has also gone to greater easing lengths than it ever has, taking short-rates nearly to zero and making direct purchases of mortgage securities and even Treasuries. These are extraordinary acts that push the Fed deeply into fiscal policy, credit allocation and directly monetizing Treasury debt. Combined with the 2003–2005 mistake, they have also raised grave doubts about the Fed's credibility and independence.

* * *

Mr. Bernanke will need political courage that we haven't seen since Paul Volcker was Chairman in order to exit from all of these efforts in time to prevent another bubble or broader inflation. It also wouldn't hurt if the Fed chief looks back with some humility on his intellectual certainty, circa 2003, and analyzes why he was so wrong.

[From the Wall Street Journal—Dec. 3, 2009]

THE BERNANKE RECORD

Federal Reserve Chairman Ben Bernanke faces his Senate renomination hearing today, amid signs that the confirmation skids are greased. We nonetheless think someone should say that, as a matter of accountability for the financial crisis and looking at the hard monetary choices to come, the country needs a new Fed chief.

We say this not because of Mr. Bernanke's performance during the financial panic of 2008, for which he has been widely and often deservedly praised. Like others in the regulatory cockpit at the time, he had to make difficult choices with imperfect information and when the markets were shooting with real bullets.

He supplied ample liquidity when it was most needed last autumn, and he has certainly been willing to pull out every last page of the central banker playbook. If some of those decisions were mistakes, the conditions the Fed faced were extraordinary. Anyone at the helm would have made calls that in hindsight he'd regret.

The real problem is Mr. Bernanke's record before the panic, with its troubling implications for a second four years. When George W. Bush nominated the Princeton economist four years ago, we offered the backhanded compliment that at least he'd have to clean up the mess that the Alan Greenspan Fed had made. That mess turned out to be bigger than even we thought, but we also didn't know then how complicit Mr. Bernanke was in Mr. Greenspan's monetary decisions.

Now we do, thanks to the release of the Federal Open Market Committee transcripts from 2003. They show (see ''Bernanke at the Creation,'' June 23, 2009) that Mr. Bernanke was the intellectual architect of the decision to keep monetary policy exceptionally easy for far too long as the economy grew rapidly from 2003–2005. He imagined a ''deflation'' that never occurred, ignored the asset bubbles in commodities and housing, dismissed concerns about dollar weakness, and in the process stoked the credit mania that led to the financial panic.

This, too, might be forgivable if Mr. Bernanke had made any attempt in recent months to acknowledge the Fed's role in the mania. Treasury Secretary Tim Geithner, Dallas Fed President Richard Fisher and others have conceded that monetary policy was too loose. How central banks can minimize, if not prevent, asset bubbles without inducing recessions would seem to be a subject for candid Fed debate.

But Mr. Bernanke and Vice Chairman Don Kohn have formed an intellectual moat around the Fed, blaming the credit bubble on the ''global savings glut'' that they themselves helped to create. They are the Edith Piafs of central banking, regretting nothing.

All of this bears directly on how the Fed will operate over the next four years. We are now in another period of extraordinary monetary ease. Mr. Bernanke is assuring the world that, this time, he knows how and when to start removing this stimulus, even as he also promises that the Fed will remain easy for months to come. The guideposts the Fed claims to follow on policy—the jobless rate, ''resource utilization''—also remain the same. Price signals, especially the value of the dollar, count for much less in this Fed's decision-making.

Earlier this decade, the Fed had 20 years of sound-money history as a source of credibility. The world's investors were willing to give the Greenspan Fed the benefit of the doubt—too much doubt as it turned out. But now, after the mania and panic, investors are unlikely to show such forbearance. That's already clear in Asia, where the falling dollar is creating monetary distortions, and investors are bidding up assets and currencies on a bet that the dollar is in for further declines. Sooner rather than later, Mr. Bernanke will have to tighten money even if the U.S. jobless rate remains higher than everyone would like.

The Fed chairman has shown he knows how to ease money, and creatively so. But that is the easy part of his job. The hard part, the time when central bankers earn their fame, is when they have to take the money away. We see little in the chairman's policy history or guideposts to suggest he will be willing to endure the criticism that will come with tightening money amid a lackluster recovery, if that is what is required to protect the dollar or prevent an inflation outbreak.

The political irony today is that even as Mr. Bernanke is cruising toward confirmation, the Fed as an institution is under its most sustained political attack in two generations. The political class is especially riled about the Fed's forays into fiscal policy. While that is understandable given the last year, the response to this action should not be to put the Fed under even greater political control from Congress. That is the Argentinian solution.

The better response is to hold policy makers accountable for their actions, including chairmen of the Federal Reserve. At this monetary moment more than any since the late 1970s, the Fed needs a hard-money chairman with the courage and credibility to resist the temptation to escape from the consequences of the last bubble by floating another one.

[From Wall Street Journal Editorial, Jan. 25, 2010]

THE BERNANKE NOMINATION

The politicians turn on a political central banker.

The White House said yesterday it has damped down a political revolt against Ben Bernanke and now has the votes to secure the Federal Reserve Chairman's second four-year term. Whether or not Mr. Bernanke is confirmed, the lesson we draw is that overly political central bankers will eventually be undone by politics.

There's no doubt that some of this reconfirmation panic is nothing but political opportunism. When we opposed Mr. Bernanke's reconfirmation on December 3, the facile consensus was that the Fed chief was a master of the universe who had saved the world from depression. But after Scott Brown's victory in Massachusetts last week, Senate Democrats are suddenly looking for a financial political sacrifice. President Obama doesn't look ready to throw over Treasury Secretary Tim Geithner, so Mr. Bernanke is the designated spear catcher.

The Democrats' loudest complaint, moreover, is that Mr. Bernanke and the Fed haven't been easy enough in printing money. Majority Leader Harry Reid declared his support for Mr. Bernanke on Friday, but not before extracting what he said were concessions about future Fed policy.

The Fed chief promised, said Mr. Reid, that he would ''redouble his efforts'' to make credit available and that Mr. Bernanke ''has assured me that he will soon outline plans for making that happen, and I eagerly await them.''

Redouble? The Fed has already kept interest rates at near zero for more than a year, and it is buying $1.25 trillion in mortgage-backed securities to refloat the housing bubble, among other interventions into fiscal policy and credit allocation. Is the Fed going to buy another $1.25 trillion, or promise to keep rates at zero for another 14 months?

Mr. Reid's declaration of a confirmation quid pro quo will not reassure global investors who already fear that the Fed lacks the political will to withdraw its historic post-crisis liquidity binge soon enough to avoid new asset bubbles.

Our own view is that Mr. Bernanke is already far too susceptible to political pressure. As a Fed governor, he was Alan Greenspan's intellectual co-pilot last decade when their easy money policies created the housing mania. When Congress later put political pressure on the Fed to direct credit toward housing, and even to student loans, Mr. Bernanke (who was then chairman) also quickly obliged.

More ominously for the next four years, Mr. Bernanke continues to deny any Fed monetary culpability for creating the mania. Shortly after the New Year, even with his nomination pending, Mr. Bernanke issued an apologia that was striking for its willingness to play to the Congressional theory of the meltdown by blaming bankers and lax regulators. We won't rehearse our decade-long monetary argument with Mr. Bernanke today—see ''Bernanke at the Creation,'' June 23, 2009. But the chairman's refusal to acknowledge any mistakes is one reason the dollar is so weak in global capital markets. Investors are hedging their bets in commodities and nondollar assets.

Yes, much of Wall Street wants to see Mr. Bernanke confirmed. The Street is currently making a bundle off Fed policy, as it borrows at near-zero rates and lends long, and the banks don't want that to end. The banks also loved negative real interest rates in the middle of the last decade, and we know how that turned out. Wall Street always loves easy money—until inflation returns, or the bubbles pop.

Others argue that any alternative to Mr. Bernanke could be worse, and that is certainly a risk. Mr. Geithner and White House economic adviser Larry Summers couldn't be confirmed, even in a Democratic Senate. In the short term if Mr. Bernanke is defeated, Vice Chairman Donald Kohn might run the Open Market Committee, and he shares Mr. Bernanke's contempt for Fed critics. President Obama could also select San Francisco Fed President Janet Yellen, but she thinks the Fed should be even easier.

Still, we can think of current or former presidents of regional Fed banks who have hard money credentials. They would also not carry the baggage of whatever Harry Reid extracted as a price of confirmation.

We agree that the Fed needed to ease money precipitously when the financial markets suffered their heart attack in late 2008, and we praised Mr. Bernanke for that at the time and since. But the issue for the next four years is whether the Fed can extricate itself from its historic interventions before it creates a new round of boom and bust. We already see signs that it has waited too long to move.

The Fed as an institution is also under political attack in a way that it hasn't been since the early 1980s, and that was when Paul Volcker was being excoriated for being too tight. That criticism has rarely if ever been leveled at Mr. Bernanke. The next Fed chairman is going to need the market credibility, and the political support, to raise interest rates when much of Congress and Wall Street will be telling him to stay at zero. That is the real reason to oppose a second term for Chairman Bernanke.

Mr. SHELBY. Mr. President, the first point the Wall Street Journal editorial highlights dealing with Chairman Bernanke's overt political activities states:

Whether or not Mr. Bernanke is confirmed, the lesson we draw—

This is the Journal editorial staff—

is that overly political Central bankers will eventually be undone by politics.

They always are.

The Wall Street Journal goes on to conclude:

Our own view is that Mr. Bernanke is already far too susceptible to political pressure. As a Fed governor, he was Alan Greenspan's intellectual copilot last decade when their easy money policies created the housing mania.

On Mr. Bernanke's loose money record, the Journal noted in these editorials:

Mr. Bernanke was the intellectual architect of the decision to keep monetary policy exceptionally easy for far too long . . . He imagined a deflation that never occurred, ignored the asset bubbles in commodities and housing, dismissed concerns about dollar weakness and in the process, stoked the credit mania that led us to where we are today in the financial panic.

Finally, the Wall Street Journal points out in regard to Chairman Bernanke:

The Fed Chairman has shown he knows how to ease money . . . But, that is the easy part of his job. The hard part, the time when Central bankers earn their fame, is when they have to take the money away. We see little at this point in the Chairman's policy history or guideposts to suggest he will be willing to endure the criticism that will come with tightening money amid a lackluster recovery, if that is what is required to protect the dollar or prevent an inflation outbreak.

For these and other reasons, the Wall Street Journal, one of the most widely recognized business publications in the world, opposes the nomination, as I do, of Chairman Bernanke.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, how much time remains?

The PRESIDING OFFICER. Three minutes remain.

Mr. DODD. Totally?

The PRESIDING OFFICER. The minority party has 8½ minutes remaining.

Mr. DODD. I will use the 3 minutes, and I will inquire of my friend and colleague from Alabama, at what point are we going to conclude this debate?

Mr. SHELBY. We are checking to see.

Mr. DODD. Let me go ahead. I will assume we will probably wrap up the debate with 3 minutes remaining.

We have a diversity of opinions, including from Paul Krugman, who is known as a more progressive economist, in favor of this nomination, although and albeit he has certain caveats he expressed about the nominee, Ben Bernanke; the Washington Post; and others as well. Warren Buffett was asked on CNBC about this nomination and he said: All I can say is, if you are going to turn him down, let me know a day or two in advance because I would like to sell off some stock. They asked him why, and he said because he believed the message to the markets would be a devastating one.

The one thing about the Federal Reserve—and there are legitimate complaints about the Federal Reserve System—but what we don't need is for short-term politics to become the vehicle by which we decide Fed policy. The independence of the Fed has been a critical component for stability in our economy. I happen to believe—despite being the chair of the Banking Committee for all of 2007, as the Presiding Officer knows, I could not get the attention of the previous administration, including the Federal Reserve, about the mortgage crisis in our country. We had 12 hearings, the first of which was on February 7, 2007, on this subject matter alone. So if I were going to decide my vote on this nominee on that basis, I would vote against Ben Bernanke because, frankly, it was a failure by the previous administration early on not to understand the gravity of this situation.

But I can't make my decision solely on that. The fact is, as I said earlier, we have had a leader in the Federal Reserve over the last year and a half who virtually saved our economy from a predictable collapse had he not been there. Beginning in the fall of last year, when a group of us were in the room of the Speaker of the House, Democrats and Republicans, the Chairman of the Federal Reserve warned us, if we failed to act in a number of days, the entire financial system in this country and a good part of the world would melt down, to give an exact quote. I don't need to tell my colleagues that was sort of the economic equivalence of a 9/11 moment, when we were warned by the most important central banker in the world what could happen if we didn't act.

As a result of Ben Bernanke's leadership, as well as others—people such as JUDD GREGG, BOB CORKER, CHUCK SCHUMER, who worked on this, the leadership in the House—we were able to put together a terribly unpopular package, but 75 of us on that night in this Chamber voted for that very difficult proposition, to avoid the kind of catastrophe that would have happened. There are very few people I think who would have had the ability, the creativity, the imagination, and the courage to come up with these ideas. Ben Bernanke did. So as a result, we are in far better shape today.

However, we are far from out of the woods. We have a foreclosure problem that is still huge. We have commercial problems that are coming along that are going to be massive. If we don't have a Chairman of the Federal Reserve but only an Acting Chairman, I don't know what that means—and particularly the individuals who helped to create the very imaginative vehicles that allowed us to come out of this problem. To have him walk away and find the Federal Reserve, this important central bank, without leadership at this critical moment, I think would be beyond shameful. It would be the height of irresponsibility.

As Democrats and Republicans, the previous administration offered this nomination. Many of us supported it. We need to come together, at least in moments such as this, not to abandon our country over partisan politics or ideology and failing to understand that if there need to be reforms in the Fed, let's reform them, but let's not walk away from an importantly critical individual who has made a difference in our economy and our Nation. For that reason, I urge my colleagues to terminate this filibuster—vote to end that—and then vote to confirm Ben Bernanke as the Chairman of the Federal Reserve.

I have been told I can speak until 3:20, but I will not take up all the time. As I said a moment ago, this is one of those moments where we need to step back and recognize the danger of our actions. This is not just a free vote. I know some people would prefer—they have the right to vote—to vote against the guy but hope he gets confirmed. That may work, but it is dangerously precarious. If we don't have 60 votes to end this filibuster, and if we don't produce the votes to confirm him, then I think this Congress, this body, regretfully, will have to bear the responsibility of abandoning the very people and situations we talk about today—jobs, the housing market, getting our economy back on its feet again—and anticipate the kind of reaction we will see in the markets and elsewhere, setting us back weeks, if not months or years, in our ability to get through this fragile period and allowing the hopes and aspirations and the confidence of the American people to grow.

I know it is an awful lot to stake the future of all that on just a nomination, but this is not some Assistant Under Secretary of some other agency. It is the central bank Chairman of the most central bank in the world. It is a critically important component in us continuing our path of economic recovery. We will bear the collective responsibility of failing to meet that obligation if we walk away from this obligation by either continuing this filibuster or defeating this nominee.

So I urge my colleagues, Democrats and Republicans—there is enough to battle about on how we are going to deal with these issues in the coming weeks, but on this matter let us send a message to the American people that we understand their frustrations, their worries, and we are doing everything we can to get us back on track again. Witness the President's remarks last evening.

You have a laser-like focus on the economy and job creation in our country. Don't make that effort fail because we send a message to our markets and the world that we cannot confirm an individual who saved us from an economic catastrophe in our country.

I urge my colleagues to pass the cloture motion to end debate and then, of course, to confirm Ben Bernanke as chairman of the Federal Reserve.

With that, I yield back the remainder of the time 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. DURBIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

CLOTURE MOTION

Under the previous order, the clerk will report the motion to invoke cloture.

The assistant legislative clerk read as follows:

CLOTURE MOTION.

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the nomination of Ben S. Bernanke, of New Jersey, to be Chairman of the Board of Governors of the Federal Reserve System.

The PRESIDING OFFICER. By unanimous consent the mandatory quorum call has been waived.

The question is, Is it the sense of the Senate that debate on the nomination of Ben S. Bernanke, of New Jersey, to be Chairman of the Board of Governors of the Federal Reserve System shall be brought to a close?

The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

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

The result was announced—yeas 77, nays 23, as follows:

[Rollcall Vote No. 15 Ex.]

YEAS—77

Akaka	Enzi	Lugar
Alexander	Feinstein	McCaskill
Barrasso	Franken	McConnell
Baucus	Gillibrand	Menendez
Bayh	Graham	Mikulski
Bennet	Gregg	Murkowski
Bennett	Hagan	Murray
Bingaman	Harkin	Nelson (NE)
Bond	Hatch	Nelson (FL)
Boxer	Inouye	Pryor
Brown	Isakson	Reed
Burr	Johanns	Reid
Burris	Johnson	Rockefeller
Byrd	Kaufman	Schumer
Cardin	Kerry	Shaheen
Carper	Kirk	Snowe
Casey	Klobuchar	Stabenow
Chambliss	Kohl	Tester
Coburn	Kyl	Udall (CO)
Cochran	Landrieu	Udall (NM)
Collins	Lautenberg	Voinovich
Conrad	Leahy	Warner
Corker	LeMieux	Webb
Dodd	Levin	Whitehouse
Dorgan	Lieberman	Wyden
Durbin	Lincoln	

NAYS—23

Begich	Feingold	Sanders
Brownback	Grassley	Sessions
Bunning	Hutchison	Shelby
Cantwell	Inhofe	Specter
Cornyn	McCain	Thune
Crapo	Merkley	Vitter
DeMint	Risch	Wicker
Ensign	Roberts	

The PRESIDING OFFICER. On this vote, the yeas are 77, the nays are 23. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Under the previous order, all postcloture time is yielded back. The question is, Will the Senate advise and consent to the nomination of Ben S. Bernanke, of New Jersey, to be Chairman of the Board of Governors of the Federal Reserve System?

Mr. ENSIGN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The clerk will call the roll.

The assistant legislative clerk called the roll.

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

The result was announced—yeas 70, nays 30, as follows:

[Rollcall Vote No. 16 Ex.]

YEAS—70

Akaka	Enzi	McConnell
Alexander	Feinstein	Menendez
Barrasso	Gillibrand	Mikulski
Baucus	Graham	Murkowski
Bayh	Gregg	Murray
Bennet	Hagan	Nelson (NE)
Bennett	Hatch	Nelson (FL)
Bingaman	Inouye	Pryor
Bond	Isakson	Reed
Brown	Johanns	Reid
Burr	Johnson	Rockefeller
Burris	Kerry	Schumer
Byrd	Kirk	Shaheen
Cardin	Klobuchar	Snowe
Carper	Kohl	Stabenow
Casey	Kyl	Tester
Chambliss	Landrieu	Udall (CO)
Coburn	Lautenberg	Udall (NM)
Cochran	Leahy	Voinovich
Collins	Levin	Warner
Conrad	Lieberman	Webb
Corker	Lincoln	Wyden
Dodd	Lugar	
Durbin	McCaskill	

NAYS—30

Begich	Feingold	Risch
Boxer	Franken	Roberts
Brownback	Grassley	Sanders
Bunning	Harkin	Sessions
Cantwell	Hutchison	Shelby
Cornyn	Inhofe	Specter
Crapo	Kaufman	Thune
DeMint	LeMieux	Vitter
Dorgan	McCain	Whitehouse
Ensign	Merkley	Wicker

The nomination was confirmed.

The PRESIDING OFFICER. Under the previous order, the motion to reconsider is considered made and laid on the table. The President will be immediately notified of the Senate's action.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will resume legislative session.

The Senator from Nebraska is recognized.

BUDGET RECONCILIATION

Mr. NELSON of Nebraska. Madam President, I rise to make a parliamentary inquiry regarding the applicability of the Senate's cloture rules to the budget reconciliation process. Under the Congressional Budget Act which governs Senate procedure for consideration of a reconciliation conference report, the question is: Is a cloture vote necessary prior to a vote on adoption of the conference report?

The PRESIDING OFFICER. No.