MasterCard control about 80 percent of all the credit and debit cards in the United States. About $50 billion in interchange fees were collected in 2008, and about 80 percent of that money went to 10 big banks—the ones we think should be the subject of this requirement that the fees be reasonable and proportional, based on the amount of work that is being done.

It is no surprise these 10 banks hate the Durbin amendment like the Devil hates holy water. They cannot wait to see it defeated on the floor. I wish to debate it on the floor on behalf of retailers and small businesses across America, and I would like my colleagues to have a chance to join me in this effort. I don't think it is unreasonable. The big banks will try to stop this amendment from coming to the floor, but I will fight for it, and we are going to put people on record on how they want to vote on this issue. This will be the first time interchange fees will be taken up, to my knowledge, in the history of the Congress. It is about time. It is a major part of our economy. I think a fair and reasonable fee for the use of credit and debit cards is something we should stand behind and unreasonable charges should be basically prohibited based on the regulation of the Federal Reserve.

I will be offering that amendment this week. Those who want to cosponsor it are welcome to.

I suggest the absence of a quorum.

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

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

FINANCIAL REGULATORY REFORM

Mr. SESSIONS. Mr. President, I wish to make a few remarks about the financial regulation bill, the Restoring American Financial Stability Act. Certainly, we need to take some steps to deal with the catastrophe we have gone through—the damage and destruction, and the financial mismanagement that has been wreaked on us and from which people are still suffering today.

This crisis exploded in the fall of 2007. It was centered in the housing market and home loans. The question people ask and should ask is: How did it happen? Did Congress know about it? Why didn't Congress do something about it?

There is a false myth out there—many have heard it—that somehow this crisis was a product of Ronald Reagan and his disciple George Bush because they did not believe in regulations, they opposed regulations, deregulation is what caused this and more regulations would have prevented it. And so to the rescue, this myth says, come Democratic colleagues and President Obama with more new regulations that are going to fix the problem.

I believe good regulations can be helpful. Anybody who has lived in the world and been in businesses and governments knows there are bad regulations that drive people crazy every day, that drive up the cost of products, that costs jobs in America, and that should not be on the books. The question is: How do we have a good regulation or a bad regulation?

Let me focus for a second on a critical component of the fundamental problem, which was the housing market, and how our government-sponsored entities, Fannie Mae and Freddie Mac, came to be responsible for half of the housing loans in America—50 percent of the housing market. How did they get involved in that, and how was this the big factor in the economic destruction we suffer?

Fannie Mae, Freddie Mac, the Federal Housing Administration, and the Veterans Administration backed 96.5 percent of home loans in the first quarter of 2010. It used to be you went to your bank and they loaned you the money. If they did not think you were creditworthy, you did not get the money. Some people would complain, but a lot of times people were saved from very unwise decisions because their banker correctly intuited they were not going to be able to make these payments, there was too much risk because they had a better perspective on who could be successful in paying off the loans.

Before Freddie and Fannie collapsed in 2008, they owned or guaranteed $5.2 trillion in mortgages and mortgage-backed securities, almost half of their $12 trillion market. Prior to that, Freddie and Fannie were leveraged at twice the rate at Bear Stearns which failed. In other words, they had half the real capital for the loans they made, as did Bear Stearns, which failed.

Because of this improvident policy, Freddie and Fannie have cost the taxpayers $126 billion. That is an incredible sum of money. Fannie Mae reported a $72 billion loss for 2009; Freddie Mac reported a $22 billion for 2009; and it came in last week asking for another $10 billion.

CBO, our Congressional Budget Office which analyzes these costs, projects Fannie and Freddie will ultimately cost the taxpayers $389 billion. But that amount is not on the government's books. Because of the way our books are managed, these two institutions are supposed to be somehow quasi-private and thus not affecting the government Treasury. But they did affect the government Treasury.

I asked the question at the beginning: How did it happen? What did Congress know and did not know, and why did Congress not act? These are good questions. I am pushing back a little bit. I am not going to continue to have all this talk that somehow Ronald Reagan is responsible for this crisis.

Let me read a letter. I do not think a lot of people paid much attention to it at the time, but it was very real. I remember reading from it in debate during that time. It is a letter to my colleague from Alabama, Senator RICHARD SHELBY, who was chairman of the Banking Committee. It is dated March 31, 2008, from the Board of Governors of the Federal Reserve System, signed by none other than Alan Greenspan, Chairman of the Federal Reserve.

Remember, at this time, Senator SHELBY and Republicans had become concerned about the health of Freddie and Fannie. They realized they were overleveraged and presented great risk. This was 2004, about 3 years before the collapse occurred. Senator SHELBY felt something should be done about it. My Republican colleague offered legislation to do something about it. This is what Alan Greenspan wrote:

> Thank you for requesting the views of the Federal Reserve Board on the legislation you have proposed to improve the supervision and regulation of government-sponsored enterprises.

That is GSEs, that is Freddie and Fannie.

> As I stated in my testimony of February 24, the Congress needs to create a GSE regulator with authority on a par with banking regulators, with a free hand to set appropriate capital standards, and with a clear process sanctioned by the Congress for placing a GSE in receivership.

It had begun to dawn on them that these GSEs could go into receivership. They were so overleveraged. They were on the verge of collapse. That is what he wrote to Senator SHELBY in early 2004.

He goes on to say, and this language is dramatic:

> To fend off possible future systemic difficulties, which we assess as likely if current trends continue unabated, preventive actions are required sooner rather than later.

Isn't that a dramatic statement, "To fend off possible systemic difficulties"? Did we not have the whole system go into a spin and we are still suffering from it and may for years to come?

Then he goes on to say:

> The Board believes your proposed legislation makes substantial progress toward meeting these objectives.
>
> With regard to the receivership issue, the Board continues to believe that the Congress needs to clarify the circumstances under which a GSE can become insolvent and, in particular, the resulting position—both during and after insolvency—of the investors that hold GSE debt. The process must be clear before it is needed. Leaving the matter unresolved, as it is under current law, only heightens the prospect that a crisis would result in an explicit guaranteeing of GSE debt. In this area, too, your proposal makes substantial strides.

It is basically an endorsement of Senator SHELBY's efforts. Not basically, it is a flat out endorsement. He goes on to say:

> With regard to capital, the Board continues to believe that determining the suitable amount of capital for GSEs is a difficult and technical process, and, that a regulator should have a free hand in determining both

the minimum and risk-based capital standards for these institutions. Your proposal, which gives the new regulator more discretion in these areas, is an important improvement in this respect.

This was an endorsement by the Federal Reserve Board of Senator SHELBY's efforts to reform. What happened? Senator SHELBY brought it up in the Banking Committee, and it passed the committee on a straight party-line vote. All Republicans voted for increased regulations, increased accountability, increased capitalization of Freddie and Fannie, and every Democrat on the committee voted against it.

When it got to the floor, it was subject to a 60-vote filibuster. It was clear the Democrats had sent word they were not going to support it, and there was no prospect of passing the bill. Although he bill passed in committee, it never actually passed the Senate floor.

I want to say the idea that the only greed, the only mismanagement was with private bankers is not accurate. There was plenty of that. I have no grief to bear for the big guys on Wall Street. They rolled the dice. I voted against their bailout and I do not believe they should have been bailed out at all. They should have suffered the consequences. We would probably be better off today economically because we would have taken the hit and gotten it out of our system. We can dispute that. All I can say is there are other areas of greed and mismanagement.

But currently, 96 percent of home loans are backed by government institutions—Fannie, Freddie, VA, the Housing Administration. Who is to say they are always perfect? We know, as Senator MCCAIN has pointed out in his amendment to this legislation that is before us today, that we can still do more about it.

Since 96 percent of housing mortgages are now backed by government institutions, why does this legislation not deal with it? Why does it not? It completely sidesteps the issue. Why? Because we would have to deal with how to score and add to our debt another $400 billion. Is that one reason?

Is another reason because Freddie and Fannie have been so powerful politically that they have been able to fend off the oversight they should have been subjected to from the beginning? Is it a belief somehow because they are quasi-government institutions that they can do no wrong, that only private industries and institutions can do wrong?

I don't know exactly why all of this is so, but it is not dealt with, and it should be dealt with. Senator MCCAIN's legislation will deal with it. He made a speech Thursday in which he delineated the history of how this all occurred. I thought it was very valuable insight. Americans should know about this. When the government comes in and allows politics and governmental policy to override financial reality, then we can get in trouble. If you order agencies or agencies are willing to make bad loans because they think that somehow it is good policy, do people think nobody is going to have to pick up the tab some day in the future? I am afraid they are.

The situation we are in arose from the fact that richly paid GSE executives and their political supporters had no skin in the game on the loans they were making. They were getting their salaries, and they kept getting their salaries even when it became clear the firms were mismanaged and heading for disaster and were going to be bailed out by the American taxpayers. They operated recklessly and they, I believe it is fair to say, were the precipitating cause, frankly, of the collapse of the financial markets; if not the cause, one of the primary causes of it. It is unbelievable and improper that when we propose legislation to restore America's financial stability, we don't fix the Freddie and Fannie problem.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. SESSIONS. I ask unanimous consent for 30 additional seconds.

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

Mr. SESSIONS. The Wall Street Journal wrote that ''reforming the financial system without fixing Freddie and Fannie is like declaring a war on terror and ignoring al-Qaida.''

Fannie and Freddie were at the center of it. They were a cause of it. They need to be reformed, and I am disappointed that the one thing this government should be doing, which is fixing these quasi-government agencies, is not occurring.

I thank the Chair, and I yield the floor.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

RESTORING AMERICAN FINANCIAL STABILITY ACT OF 2010

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of S. 3217, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 3217) to promote the financial stability of the United States by improving accountability and transparency in the financial system, to end ''too big to fail,'' to protect the American taxpayer by ending bailouts, to protect consumers from abusive financial services practices, and for other purposes.

Pending:

Reid (for Dodd/Lincoln) amendment No. 3739, in the nature of a substitute.

Sanders/Dodd modified amendment No. 3738 (to amendment No. 3739), to require the nonpartisan Government Accountability Office to conduct an independent audit of the Board of Governors of the Federal Reserve System that does not interfere with monetary policy, to let the American people know the names of the recipients of over $2,000,000,000,000 in taxpayer assistance from the Federal Reserve System.

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

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

The legislative clerk proceeded to call the roll.

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

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

SENATOR BOB BENNETT OF UTAH

Mr. DODD. Mr. President, I want to share a few thoughts, if I may, for a minute or so on the pending matter before us. But before I do that—and at a later time I will speak at greater length about this—I want to express my regrets over the decision made in Utah over the weekend regarding BOB BENNETT, our colleague.

I have served with BOB for 18 years. We have been on the Banking Committee together during that time. Obviously, we have differences of opinion on a lot of policy questions. In fact, the majority of policy questions we have had our differences on. But at critical moments, BOB BENNETT was always someone you could talk to, someone you could approach with an idea or an issue.

He went through a tough battle over the last number of weeks and did not prevail in his convention over the weekend in Utah. But I want to express to him and Joyce how much this institution will miss them in the coming year. He is a thoughtful, considerate individual. He is deliberate in his views and accessible when it comes to others' ideas. In my view, it will be a loss for the institution that he will not be back. That is coming from a Democrat on this side of the aisle.

I realize there is a contest coming up, but I didn't want the day to begin or end without expressing my disappointment over the results in Utah. I know that is probably not appropriate for Democrats, making comments about Republican races, but BOB BENNETT is one fine U.S. Senator, and he has played an invaluable role, a critical role at critical junctures over the last number of years that I have served with him.

Now, Mr. President, I want to make some comments about the bill before us. It has been nearly 7 weeks since the Banking Committee approved legislation to reform Wall Street. It has been more than 3 years since our committee began work on this very important topic. It was in January or early February of 2007 that I became chairman of the Banking Committee for the first time, and, obviously, the news even at that early date was about the mortgage foreclosure issue.

A lot of work has gone on in the Banking Committee. We have literally had dozens and dozens of hearings and meetings with people on how best to