it is a generalization. I understand it is a generalization, but apparently it is happening out there in far too many cases. Of course, one case is enough. It is one thing to feel intimidated, scared, and fearful. It is another one to feel that no one around you in positions of authority will help you.

We often talk in this country—and, of course, in Washington as well—about freedom, the great freedoms we have in America: the freedom to make your own way, to be an entrepreneur, to find your way in life, to start your own business, to make your own money, to travel where you want, to say what you want, freedom of speech—all these great freedoms we have, and thank goodness we have them. Thank goodness people were willing to die for those freedoms in our history and up to the present day. Men and women are serving in combat to preserve our freedoms.

We talk about freedom, but sometimes we forget another element of the issue of freedom. Just like adults have the right to free speech and the right to assembly and all the constitutional rights we celebrate, young people have rights, too, or at least they should. One of the rights, one of the freedoms they should be allowed to enjoy is the freedom from fear. We have heard that expression before, ''the freedom from fear.'' These children I just described do not have that freedom. They are not free, even in this land where we celebrate freedom every day of the week. We have an obligation to take action to make sure that basic right is protected against those who would deny them that freedom—the freedom to be free from fear.

We have to do something about this problem. We cannot do everything. Not one bill will solve this problem. But I think we can enact a couple pieces of legislation which will have a positive impact.

Tomorrow, I will be introducing the Safe Schools Improvement Act. It will do a couple of things for this problem. It will give schools and districts the resources to do at least three things. They ought to do a lot more than this, but we are going to try to help them with at least these three:

First, develop comprehensive student conduct policies that prohibit bullying and harassment. If you do not have a conduct policy in place, you have to do it if we pass this Federal legislation.

Secondly, it will help to implement prevention strategies and professional development. We have to do more in prevention, and we have to make sure those in charge, those who have authority are, in fact, trained to identify and to deal with and then to punish those who are guilty of this kind of bullying and harassment.

Thirdly, the Safe Schools Improvement Act will require that schools and districts maintain and report data regarding incidents of bullying and harassment. It is very important to document this, to keep good records so we know exactly what is happening, so when a parent shows up at a school and says: Well, before my child was beaten and harassed, was it happening before? We shouldn't have the school saying: Well, we are not sure. We had some reports. They should document those incidents and there should be a uniform way of documenting what is an example or a reportable act of violence.

There is other legislation as well that many others and I are cosponsoring—the Student Nondiscrimination Act. That is a bill introduced last week by Senator FRANKEN to expand Federal civil rights statutes to include a right for students against discrimination in school on the basis of sexual orientation or gender identity.

It is almost hard to believe that we would have to enact either of these bills, that we would have to even introduce them, but we need both. We need to insist that schools do a better job, and adults at the local level do a better job, and that we are all working on this problem.

We also need to make sure that discrimination laws are enforced as it relates to children and young people—students—in our schools. We have to do this because it is a real problem.

Young people who happen to be gay or lesbian or bisexual or transgender need help from all of us. They need our support. I, and I know many others, will continue to work to protect every child so that at a minimum they feel safe and supported while they are in school, a place where they should have a reasonable expectation of safety and security. We are not talking about every moment of their life. We are not talking about when they are on the street alone. Those are situations where we worry as well. But at least—at least—we ought to be able to say that when a child or a young person is in school they will be protected from bullying or harassment or violence. That is the least we ought to be able to say, and we are a long way from saying that.

Again, I will conclude by saying that I will go back to the original point I made, which was that every child born in this country has a light inside them, and there is no way the light of that child can shine to its full potential if they do not have the basic protections and the basic freedom from fear we are talking about here. No child should have to go through their day, no matter who they are, to being a victim of this kind of bullying and harassment and violence. It is the ultimate, or certainly one of the ways our society betrays children.

We can put a stop to it. We can raise awareness, we can put a spotlight on this issue and do all we can to protect our children—our young people in grade school and in high schools—across America.

With that, Mr. President, I yield the floor, and I 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. CASEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

MORNING BUSINESS

Mr. CASEY. Mr. President, I ask unanimous consent that the Senate proceed to a period of morning business, with Senators permitted to speak for up to 10 minutes each.

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

FINANCIAL REGULATORY REFORM

Mr. LEVIN. Mr. President, a year and a half ago, the Permanent Subcommittee on Investigations began a review of the causes of the financial crisis. The subcommittee, which I chair, sought to answer a fundamental question about a crisis that was, at that moment, threatening to bring on a second Great Depression, and that has cost millions of Americans their jobs, their homes, their businesses and their savings. The question we sought to answer: How did this happen? And we asked that question so that we could inform our colleagues and the public on steps we might take to protect ourselves from the danger of future crises.

The subcommittee examined millions of pages of documents, interviewed hundreds of witnesses, and conducted four hearings with more than 30 hours of testimony. What we learned was sobering:

We learned that mortgage lenders such as Washington Mutual Bank sought to boost their short-term profits by making increasingly risky mortgage loans to borrowers increasingly unlikely to be able to repay them. WaMu, as it was known, made hundreds of billions of dollars of loans, many of which were laced with fraudulent borrower information, and then packaged and sold these loans, dumping toxic assets into the financial system like a polluter dumping poison into a river.

We learned that regulators such as the Office of Thrift Supervision identified problems at WaMu on many occasions but failed to act against them, and in fact hindered other Federal regulators like the Federal Deposit Insurance Corporation from taking action.

We learned that credit rating agencies, institutions that investors depended upon to make accurate, impartial assessments of the risks that assets carried, failed completely in this task. This failure was caused by faulty risk models and inadequate data, and by competitive pressures as the credit rating agencies sought to obtain or enlarge their market share and please the investment banks that were paying them for their credit ratings. Because credit rating agencies were paid by the financial institutions selling the financial products being rated, conflicts of interest undermined the ratings process and led to a slew of inflated AAA ratings for high-risk products whose ratings were later downgraded, many to junk status.

We also learned that investment banks such as Goldman Sachs helped feed the conveyor belt of toxic assets that nearly brought economic ruin.

Goldman Sachs repeatedly put its own interests and profits ahead of the interests of its clients and our communities. Its misuse of exotic and complex financial structures helped spread toxic mortgages throughout the financial system. And when the system finally collapsed under the weight of those toxic mortgages, Goldman profited from the collapse.

The lesson of our findings is that this disaster was manmade. And yet perhaps the most stunning finding came from our hearings themselves, when top executives from institutions that collectively destroyed millions of jobs and billions of dollars' of wealth repeatedly dodged responsibility, saying the mistakes were someone else's, that they had done nothing wrong, that those who questioned their actions simply failed to understand how the financial system worked. Mr. President, if Wall Street refuses to take responsibility for its actions, it is incumbent on us to take responsibility for putting a cop back on the beat on Wall Street.

The bill we approved last week contains many important provisions that directly address the problems revealed in our investigation. Begin with the lenders. The Consumer Financial Protection Bureau this legislation will create is an important tool to protect borrowers and the financial system from the abusive lending at banks such as WaMu that helped bring about the crisis. Thanks to an amendment offered by Senator MERKLEY, which I was proud to cosponsor, lenders will no longer be able to pocket a quick profit by selling a ''liar loan,'' requiring no documentation of wages or the ability to repay. Under Senator MERKLEY's amendment, borrowers will be required to provide reliable evidence of their income, either through a W–2, tax return, or other such record. The amendment would also require lenders to verify borrower income.

Together, those provisions essentially impose a ban on so-called stated-income loans, which is exactly what is needed. Negative amortization loans, in which borrowers can spend years making payments so small that they end up owing thousands of dollars more than the original loan amount, should also become rare. Putting a cop on the beat means protecting all of us from the consequences of reckless behavior by those who seek short-term gain at the expense of financial stability.

It is also significant that lenders will be required to retain some of the risk they create by keeping a portion of the mortgages they securitize on their own books, ending the current situation in which lenders can make risky loans and then dump all that risk into the financial system. Under the Senate bill, securitizers of high-risk mortgages will have to retain at least a 5 percent interest in any mortgage-backed securities they issue. Mortgages that are very safe—such as 30-year, fixed-rate mortgages with a historical default rate of 1 to 2 percent—will be exempted from this credit risk retention requirement. Securitizers using mortgages with a credit risk that is above the 1- to 2-percent default rate for traditional mortgages, but below the 5-percent or more default rate associated with high-risk mortgages, will have some risk retention requirement but one that is less than the 5-percent requirement for high-risk mortgages. These risk retention requirements are essential to rebuild investor confidence in our mortgage-backed securities markets. This bill also addresses many of the regulatory failures our investigation identified. The Office of Thrift Supervision, which failed so badly in its oversight responsibilities, is dissolved under this bill. The Federal Reserve would be given important authority to oversee the largest financial institutions, regardless of their legal status as bank holding companies, investment banks or other entities, offering powerful protection against risks to the stability of the financial system that went unrecognized through the web of Federal regulation during this crisis. The Consumer Financial Protection Bureau would be charged with ending high-risk mortgages that not only hurt consumers, but undermined the safety and soundness of U.S. banks and mortgage lenders.

This legislation includes substantial reform of credit rating agencies. These agencies will now be liable to civil suits by private parties for the quality of their analytical process, and required to institute internal controls, devote sufficient resources, and improve training and competence to improve the accuracy of their ratings. The Securities and Exchange Commission will establish a new office to oversee the agencies, another example of how we would put a cop back on the beat. And thanks to the amendment offered by Senator FRANKEN, which I cosponsored, the bill has addressed the dangerous conflict of interest under which the supposedly impartial analysis of financial instruments is paid for by the issuers of those financial instruments. While it would have been cleaner also to strike the existing statutory ban on SEC oversight of the substance of ratings and the procedures and methodologies used to produce those ratings, the Senate bill as written essentially overrides that ban and enables the SEC to exercise the oversight needed to ensure credit ratings are derived in a reasonable and impartial manner.

We had an opportunity as well to address the issues identified in our investigation with the actions of investment banks such as Goldman Sachs. This legislation makes some progress there. Importantly, the legislation will bring the shadowy derivatives market into the light, requiring virtually all derivatives to be disclosed to regulators, that most undergo a standardized clearing process, and that derivatives dealers meet capital requirements that ensure, if their risky bets fail, they can cover the losses from their own accounts, and not—as, for instance, AIG did—come to taxpayers for a bailout.

One major failing during the debate on the bill was the Senate's failure to approve Senator DORGAN's amendment to ban ''naked'' credit default swaps, the ultimate gamble in the casino that Wall Street has constructed in recent years. That amendment included a provision I had sought to ban synthetic asset backed securities that magnify risk without providing any economic benefit. The Dorgan amendment would have reduced the high-risk, conflicts-ridden practices that too often are a part of Wall Street today and would have rebuilt investor confidence in our markets. I regret that the Senate did not see fit to add that provision to the bill.

Of course, I wish the Senate had been allowed to consider the amendment that Senator MERKLEY and I offered to rein in proprietary trading and address the conflicts of interest that have become business as usual on Wall Street. We had offered our amendment to a Brownback amendment that was already pending on the floor. I am very disappointed that Senator BROWNBACK decided to withdraw his amendment, which meant the Merkley-Levin amendment could not get a vote. The Dodd bill includes a provision requiring regulators to study and implement restrictions on proprietary trading, which is a step in the right direction. But we have missed an opportunity to strengthen that provision by putting in a statute, without the ability of agencies to modify, prohibitions on risky trading by banks, and strict limits on such trading by nonbanks. Of prime importance, our amendment would have ended the conflicts of interest that now allow financial institutions to assemble and sell complex financial instruments—even instruments with a significant possibility of failure—and then bet that those instruments will fail, profiting from bets against the very instruments they constructed and from the clients they convinced to purchase those products.

Mr. President, I do not understand how Senators can be shown the damaging conflicts of interest identified by our investigation and not see the need to address those conflicts. If we do not address them, we will have poorly served our constituents and missed a chance to make a future financial crisis less likely.

I have some additional regrets about the legislation. Amendments I had drafted to impose a 1-year cooling off period before financial regulators can take jobs at the financial institutions they regulated, and to repair damage from a Supreme Court decision known as Gustafson had been included in a planned managers' amendment, but that amendment never received a vote. Important amendments to strengthen the authority of the FDIC, close the London loophole that allows foreign trading terminals to be established in the United States to trade U.S. commodities without complying with U.S. trading rules, require registration of private equity and venture capital funds, reverse the Stoneridge decision barring shareholder suits against those who aid and abet financial fraud, and other important issues were also not acted upon or given a vote. I hope these issues will be addressed in conference.

Still, taken as a whole, the legislation we approved is an important step toward policing Wall Street and rebuilding Main Street's defenses from Wall Street's excesses. The millions of pages of documents and long hours of testimony gathered by the Permanent Subcommittee on Investigations present a detailed history of the financial crisis. But all that complexity tells a pretty simple story, really, one of unbridled greed that created unheeded risk, risk that exploded into the worst recession in decades. Wall Street may not have learned the lessons of that story, but the rest of the country has. We must act. We must put the cop back on the Wall Street beat, or once again suffer the consequences of Wall Street's greed. Hopefully, the Senate-House conference will get us closer to that goal.

Mr. VOINOVICH. Mr. President, I rise today to explain my opposition to the Restoring America's Financial Stability Act, which the Senate passed last week. It is now clear that over the past decade or so, certain factors played a critical role in leading our Nation into the financial crisis that first reached critical mass and arrested the credit markets in 2007, subsequently leading to the collapse of some of our largest financial services firms, and culminated with a crash of the stock market in late 2008 and again in early 2009. These underlying factors and resulting events produced a widespread crisis and a devastating recession with massive job loss and sustained record unemployment, all of which continue to be felt by families throughout Ohio and States across America. In response, we in Congress have taken up legislation that supposedly aims to correct what went wrong and restore safety, soundness, and stability to our financial markets to foster recovery and fortify the foundation for a strong economy.

Why, then, have I opposed the passage of this legislation? Simply put, because it does not get the job done. This legislation fails to address the root causes of our current crisis, while severely overreaching in its expanded regulation of businesses large and small throughout the economy. While I was disappointed that a bill this large, technical, and consequential was not properly and carefully vetted through the committee process, and was then subject to political abuse by the majority, I voted to bring the bill to the Senate floor because I believe the American people wanted us to debate the issues surrounding the financial collapse and bring forth legislation that would work to minimize the possibility of a future collapse caused by the same weaknesses. Although I was pleased with the debate process on the Senate floor—Senators were allotted time to offer amendments, debate was substantial, and amendments were germane—this reform legislation ignores the root causes of the collapse and ultimately fails to repair and strengthen our financial system.

First, the bill fails to address the main catalysts of the financial meltdown, Fannie Mae and Freddie Mac, whose push to acquire subprime mortgages—spurred by Congress—helped produce a bubble that burst and sent shockwaves across global financial markets, sending the U.S. and global economies into a tailspin. These now-government-owned institutions, which failed in the midst of the financial crisis, continue to drain taxpayers for billions of dollars. Just this month, Fannie and Freddie requested an additional $19 billion of taxpayer moneys to fund operations, bringing the total government assistance to roughly $145 billion, or an average of $7.6 billion per month. Moreover, the nonpartisan Congressional Budget Office recently estimated that over the next decade, Fannie and Freddie could cost taxpayers almost $400 billion. Yet these two giant, systemically risky institutions, whose bailouts far outsize any of those given to other financial institutions, are ignored in this bill.

Second, at the heart of this crisis were residential home loans written to borrowers who did not have the ability to pay their mortgages. When these borrowers defaulted on a massive scale, widespread investment securities based on their mortgages lost significant value, sending investors panicking and retreating while portfolios collapsed and credit froze. These loans were made in large part because of poor underwriting standards and a failure by many lenders and brokers to ensure that buyers had the means to repay their loans. During the debate on this bill, my colleague Senator BOB CORKER offered a commonsense amendment to establish sound underwriting standards, including a minimum down payment, full documentation, and proof of income and ability to pay back the mortgage. Amazingly, my colleagues rejected this amendment, and thus virtually nothing in this bill addresses this problem.

Third, the new consumer protection bureau created by this bill is too wide in its regulatory scope and I believe it will saddle businesses with new and often unnecessary burdens. It is granted authority to reach its tentacles like an octopus into various sectors of the economy and pull businesses that were not part of the problem under new government regulation. Attempts by some of my colleagues to curtail the largely unchecked reach of this new regulator were rejected.

Finally, new regulations related to over-the-counter derivatives fail to adequately protect businesses across Ohio and other States that use these risk management tools. Some of these businesses could be forced to divert capital away from investments and job creation and instead post margins with the clearinghouses that will oversee these contracts. I have also heard many of these companies complain that they will now be forced to use less customized derivative products, which would result in more—rather than less—risk to these companies. As businesses sideline more capital, they become less liquid; as they face more risk, they become less creditworthy, and in turn have less access to credit. I am fearful that these new burdens on businesses will do little or nothing to prevent future collapses, and serve only to slow any eventual economic recovery. In addition, under the Senate bill, banks that commonly provide these financial products for businesses would be prohibited from doing so any longer, and I am concerned that the unintended consequence of this ban could be that businesses will seek these products from foreign financial firms, which operate beyond the scope of U.S. regulation.

In sum, not only does the Restoring America's Financial Stability Act fail to address the root causes of the problem, it also overreaches in its regulation, which will cost Ohioans jobs, hurt businesses that are not connected with the meltdown, and harm credit at a time when job recovery is still just inching forward. I am disappointed that many of the amendments offered by my colleagues that would have addressed these issues, as well as my other concerns with the bill, were not adopted. I hope that this Senate bill will be improved in the conference committee before it is returned to the Senate.

REMEMBERING COLONEL JOHN KELLEY SPRINGER

Mr. GREGG. Mr. President, today I wish to honor a resident of the Granite State who was respected by his friends and family for his devotion to service, his devotion to country, and his devotion to his fellow citizens. Kathy and I wish to express our deepest sympathies to those who knew COL John Kelley Springer. Our thoughts and prayers are with those that are mourning this loss.

John Kelley Springer passed on February 4, 2010, at the age of 78, and today, in Rollins Chapel at Dartmouth College, his friends and family will gather to conduct a memorial service in his honor. I hope that memories of John and his efforts to advance the health and safety of this Nation can provide comfort during this difficult time.

A resident of Sunapee, New Hampshire, John was the President of the Dartmouth Class of 1953. Upon graduation, he joined the U.S. Marine Corps, serving 5 years on Active Duty as a jet and helicopter pilot, and many more in the Marine Corps Reserve before retiring with the rank of colonel.