about—we are still waiting to hear from the White House on their priorities. I recently met with Secretary Ray LaHood, and he indicated that we will be hearing from the administration soon.

But the fact is the person we need to hear from is President Barack Obama. That is who we need to hear from. He is out on the stump talking about creating jobs. Here is an unbelievable opportunity—a way to create real jobs and not borrow the money from our kids and grandkids to pay for it. On occasion, the President has said he is opposed to any tax, including a gas tax, on the ''middle class.'' I point out that the Kerry-Lieberman bill, which he supports, includes an increase in the gas tax of between 20 and 60 cents higher per gallon. That doesn't make sense. He supports that but not 10 cents for highways? It should be noted that all the groups who want the reauthorization bill and are willing to pay for it with a gas tax, by the way, are up in arms about the Kerry-Lieberman bill, because they think it diverts funds from the highway trust fund.

They sent a letter to the President, saying this gas tax is to be used for transportation and transit in this country. We don't warrant its use in the Kerry-Lieberman bill to raise money for things that don't have anything to do with the concerns that we have.

Passing a surface transportation bill would put a large segment of the economy to bed. Think about it. For 5 years, that part of our economy will feel good about things. It will help States meet their infrastructure needs. It will reduce greenhouse gases and provide certainty and stability to keep it on the road to recovery.

Show me another bill that has bipartisan support from labor, manufacturing, business, truckers, and State and local groups. I doubt any other piece of legislation will get this kind of support before the election. Do you know what we need? We need a sorbet to bring people together. Let the American people know that we hear them. And do you know something? We can get something done on a bipartisan basis, believe it or not. This legislation will create real jobs for Americans. It will be paid for and will put a major part of the economy to rest without adding to an already staggering deficit. It will eliminate the uncertainty about the future that is plaguing our country so we can move forward to provide brighter prospects for our children and grandchildren.

I guess the most important guarantee is that the bill will give peace of mind to millions of workers in transportation and allied industries. They no longer will have to worry about unemployment compensation. They will have a job. They can pay their mortgage, buy a car, pay for their kids' education; and they can have the peace of mind that comes from having a job.

EXHIBIT 1

[From Newsweek, July 6, 2010]

OBAMA'S CEO PROBLEM

(By Fareed Zakaria)

The American economy is sputtering, and we are running out of options. Interest rates can't go any lower. Another burst of government spending—whether a good or bad idea—looks politically impossible. Is there anything that could protect us from the dangers of stagnation or a double dip? Actually, there is a second stimulus, one that could have a dramatic effect on the economy—even more so than government spending. And it won't add to the deficit.

The Federal Reserve recently reported that America's 500 largest nonfinancial companies have accumulated an astonishing $1.8 trillion of cash on their balance sheets. By any calculation (for example, as a percentage of assets), this is higher than it has been in almost half a century. And yet, most corporations are not spending this money on new plants, equipment, or workers. Were they to begin loosening their purse strings, hundreds of billions of dollars would start pouring through the economy. And these investments would likely have greater effect and staying power than a government stimulus.

Now, let me be clear. I think there is a strong case for a temporary and targeted government stimulus. Both people and companies are being very cautious about spending. Right now, government spending is what's keeping the economy afloat. Without a second stimulus, state and local governments will have to slash spending and raise taxes, which will produce a downward spiral of higher unemployment, slower growth, lower tax revenue, and a larger deficit. Joel Klein, the New York City schools chancellor, told me that when the stimulus money runs out at the end of this year, he will be forced to lay off 5,000 teachers. Multiply that example a thousand times to get a sense of what 2011 could look like.

But government spending can only be a bridge to private-sector investment. The key to a sustainable recovery and robust economic growth is to get companies to start investing in America. So why are they reluctant, despite having mounds of cash lying around? I put this question to a series of business leaders over the past few days. They were all expansive on the topic, and all wanted to stay off the record, for fear of offending people in Washington.

Economic uncertainty was the primary cause of their caution. ''We've just been through a tsunami, and that produces caution,'' one said to me. But in addition to economics, they kept talking about politics, about the uncertainty surrounding regulations and taxes. Some have even begun to speak out publicly. Jeffrey Immelt, the CEO of General Electric, complained last Friday that government was not in sync with entrepreneurs. The Business Roundtable, which had supported the Obama administration, has begun to complain about the myriad new laws and regulations being cooked up in Washington.

One CEO said to me, ''Almost every agency we deal with has announced some expansion of its authority, which naturally makes me concerned about what's in store for us for the future.'' Another pointed out that between the new health-care bill, financial reform, and possibly cap-and-trade, his company had lawyers working day and night trying to figure out the implications of all these new regulations. Lobbyists in Washington have been delighted by all this new activity. ''[Obama] exaggerates our power, but he increases demand for our services,'' the superlobbyist Tony Podesta told The New York Times.

Most of the business leaders I spoke to had voted for Barack Obama. They still admired him. Those who had met him thought he was unusually smart. But they all thought he was, at his core, anti business. When I would ask them for specifics, they pointed to the fact that Obama had no businessmen or women in his cabinet, that he rarely consulted with CEOs (except for photo ops), that he had almost no private-sector experience, that he'd made clear that he thought government and nonprofit work was superior to work in the private sector. It all added up to a profound sense of distrust.

Some of this is a product of chance. The economic crisis forced the government into expansions of its authority in dozens of areas, from finance to automobiles. But precisely because of these circumstances, Obama now needs to outline a growth and competitiveness agenda that will seem compelling to the American business community. This might sound like psychology more than economics, and the populist left will surely scream that the last thing we need to do is pander to business. But in fact the first thing we need is for these people to start spending their money—soon. As a leading New York businessman, who had publicly supported Obama during the campaign, said to me, ''Their perception is our reality.''

The PRESIDING OFFICER (Mr. PRYOR). The Senator from Georgia is recognized.

## FINANCIAL REGULATORY REFORM

Mr. ISAKSON. Mr. President, I will be brief. I come to the floor this afternoon in anticipation of the vote tomorrow on the financial regulatory bill and to express the concerns I expressed before its passage on the floor originally, and my continuing concern today about its final form—and I understand it will pass with 60 votes.

Nobody has been more concerned about the economy and the financial markets and financial institutions of our country than I. In part, because of my lifetime in the residential real estate business, I have seen firsthand the sufferings in our mortgage industry, the foreclosures that have taken place, and what the subprime lending industry did in the U.S. economy.

Before we rush to a reregulation of financial institutions, I think we have to stop and reflect on some of the things we have already noted as Members of the Senate.

Senator CONRAD, a Democrat from North Dakota, and myself introduced legislation over a year ago called the Financial Markets Crisis Commission. We introduced it because we believed everything that had happened in late 2008 through March of 2009 that collapsed our markets on Wall Street, collapsed our securities, collapsed our mortgage-backed securities lending, and hurt our banks both community and national need to be investigated. We need to get to the root problem. We need to try to correct it.

This Senate passed the Conrad-Isakson amendment unanimously. The House passed it virtually unanimously. The Senate and the House funded it to the tune of $8 million. That commission is appointed and working today. It has subpoena powers that it can issue, and it is issuing subpoenas. It is directed by statute to report back to us by December 31 of this year.

Here we find ourselves in the position of getting ready to pass a financial reregulation bill on the floor of the Senate tomorrow, in the middle of the year in July, knowing that we are not going to have until December of this year the forensic audit of our financial system done by the Financial Markets Crisis Commission which we unanimously funded and demanded. It is like a doctor doing surgery before he does a diagnosis. It does not make a lot of sense.

In particular, there is one part of the bill I want to focus on for a second that I think is rife for continuing problems without any regulatory oversight, and that is Freddie Mac and Fannie Mae.

I think everyone realizes that the purchase of mortgage-backed subprime securities by Freddie and Fannie created the depository whereby Wall Street went to raise the money to make subprime loans, knowing they could sell them to Freddie and Fannie. Once you create liquidity for those securities, you create a market, and those securities are going to be created to be funded or purchased by those entities.

That is exactly what happened over the 5 or 6 years preceding the beginning of the collapse in late 2007. Freddie and Fannie went from zero holdings in subprime loans to as much as 13 percent of their portfolio. This was not just because they decided to buy them, but it was in part because of a congressional directive for Freddie and Fannie to have a portion of their portfolio in what is known as affordable loans.

These affordable loans became subprime loans. They were securitized on Wall Street. The securities sold around the world, with the legitimacy of those securities based in part on the fact that U.S. Government-sponsored entities, Freddie Mac and Fannie Mae, were buying them, but also because Moody's and Standard & Poor's rated them AAA. Then all of a sudden we had a tremendous collapse of subprime securities that had devastating consequences not just for the United States but for the world.

Briefly, I want to tell a story to make that point. In August of 2008, I was in Kazakhstan with Leader REID and other Members of the Senate on a trip that later took us to Afghanistan and finally to Germany. When we arrived in Kazakhstan and landed at the airport, we went into the city in an ambassador's vehicle. As we went by, I saw this beautiful city in Asia, beautiful countryside, large buildings being built, beautiful flowers, obviously a country of great wealth. They do have most of the oil in the old Soviet Union, now the Russian Federation.

As we came into town, I kept noticing vacant, half-finished 20- and 30-story buildings with a chain-link fences around them and razor wire on the fences and a padlock on the doors.

We went to the Embassy and went to a briefing. When it was over, we were asked if there were any questions. I said: I have one. Is today a holiday?

The Ambassador's officer said: No, it is not a holiday. Why do you ask?

I said: We passed 15, 20 buildings half finished, cranes up, 20 to 30 stories, padlocks on the gates, razor wire on the fences, nobody working. What happened?

He said: U.S. mortgage-backed subprime securities.

I said: I beg your pardon.

He said: U.S. mortgage-backed subprime securities. He said: Just 3 weeks ago, Merrill Lynch in America wrote down their portfolio by 78 cents on the dollar. Therefore, the Bank of Kazakhstan, which had bought a number of these securities, wrote down their portfolio as well. They stopped funding construction loans. They stopped making mortgages.

Kazakhstan is 11½ time zones away from Washington, DC. The reverberations of the subprime security collapse affected not just the United States but the world. Today what is happening in Europe and other areas is, in part in our recession, was a consequence of what began by a mandate by Congress for Freddie Mac and Fannie Mae to purchase affordable mortgage-backed securities which became the subprime securities that collapsed the marketplace.

I tell that story and I make that statement to make my single important point on why this rush to judgment on the financial regulatory bill is wrong. It is wrong because it excludes Freddie Mac and Fannie Mae from any scrutiny or increased regulation. Let me repeat that. The two entities that created the market that bought the securities that fueled the funds for Wall Street to put them together and sell them—the two entities, Freddie Mac and Fannie Mae—are exempt from this financial reregulation bill in terms of scrutiny.

That just, to me, does not make any sense. I think when the Financial Markets Crisis Commission reports back to us at the end of this year, it will make it clear that it is a mistake to rush to judgment.

It is critical that we have all the players under scrutiny and all the players under regulation, not just trying to create a feel-good system where we reregulate those who are already regulated, saying we are doing something about the conditions in the market when, in fact, we are raising the cost of doing business, lowering the ability for banks and lending institutions to extend capital and, in fact, in some ways contributing to a contraction of the recession we experience today in America.

When I cast my ''no'' vote tomorrow on financial reregulation, it will not be because I don't think we need to do some things in the marketplace, but it will be because I think it is time we listen to the people we have charged to come back to us with a forensic audit and tell us what we should have done rather than take a rush to judgment in a precarious and difficult time in the current recession in the United States.

I am grateful for the time given to me. My vote tomorrow on the financial reregulation bill will be no. It is my hope that when the Financial Markets Crisis Commission comes back in December, we will find the right answers from that forensic audit to then make the right decisions for the financial markets of the United States of America.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island.

## TRIBUTE TO LIEUTENANT GENERAL FRANKLIN L. HAGENBECK

Mr. REED. Mr. President, next Monday, LTG Franklin Hagenbeck will retire from the U.S. Army after 39 years of service. He is a friend and a classmate from West Point, the class of 1971.

Buster Hagenbeck has distinguished himself as a soldier, as a scholar, as an individual of peerless leadership ability. He entered West Point with the class of 1971. He graduated and was commissioned an infantry officer. He served in a succession of assignments, culminating as the commander of the 10th Mountain Division in Afghanistan. There he fought the fight in Operation Enduring Freedom. He served with great distinction, great judgment, and great discernment of the situation. He certainly not only exemplified the courage and character of our troops, but he felt very deeply for their concern and welfare. That is the type of individual, that is the type of soldier he is.

After serving as the G–1 of the U.S. Army, he was designated the 57th Superintendent of the United States Military Academy. In the last several years, he has distinguished himself as a leader on not only issues of academic excellence but also, much more important, fulfilling the fundamental mission of the Military Academy to produce men and women committed to the motto of the academy: ''Duty, honor, country.'' Selfless service to the Nation. Buster Hagenbeck personifies that spirit.

Under his leadership, West Point has been recognized by Forbes magazine as the best liberal arts college in the country. Every year it has successful candidates for Rhodes Scholarships and Marshall Scholarships. It is ranked at the very top in terms of engineering schools in the United States. But the real hallmark of West Point, as it always has been and always must be, is the men and women they produce, the young lieutenants who are today serving in Iraq and serving in Afghanistan, serving with courage and distinction.

I think it is not only comforting for them to know but inspiring that their Superintendent led forces in Afghanistan before them, that he knows what